COGECO

PRESS 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

(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 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.

"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				
	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)
(in thousands of dollars, except percentages and per share data)	$	$	%	%	$	$	$	%	%	$
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.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Inc.'s ("Cogeco" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which Cogeco believes are reasonable as of the current date. Refer in particular to the "Corporate Objectives and Strategies" and "Fiscal 2019 Financial Guidelines" sections of the Corporation's 2018 annual Management's Discussion and Analysis ("MD&A") for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While Management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as competitive risks, business risks, regulatory risks, technology risks, financial risks, economic conditions, human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks and litigation risks, many of which are beyond the Corporation's control. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and Main Risk Factors" section of the Corporation's 2018 annual MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco and future events and results may vary significantly from what Management currently foresees. The reader should not place undue importance on forward-looking information contained in this press release which represent Cogeco's expectations as of the date of this press release (or as of the date they are otherwise stated to be made) and are subject to change after such date. While Management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This press release should be read in conjunction with the MD&A included in the Corporation's 2018 Annual Report, the Corporation's consolidated financial statements and the notes thereto prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended August 31, 2018.

RESULTS OVERVIEW

This analysis should be read in conjunction with the Corporation's 2018 Annual Report available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com. Please refer to the Corporation's 2018 Annual Report for more details on the annual results.

FOURTH-QUARTER OPERATING AND FINANCIAL RESULTS

CONSOLIDATED

OPERATING AND FINANCIAL RESULTS

	Three-months ended				
	August 31, 2018 (1)	August 31, 2017	Change	Change in constant currency (2)	Foreign exchange impact (2)
(in thousands of dollars, except percentages)	$	$	%	%	$
Revenue	659,950	578,519	14.1	13.2	5,225
Operating expenses	371,304	327,115	13.5	12.5	3,331
Adjusted EBITDA	288,646	251,404	14.8	14.1	1,894

(1) For the three-month period ended August 31, 2018, the average foreign exchange rates used for translation were 1.3100 USD/CDN and 1.7175 GPB/CDN.

(2) Fiscal 2018 actuals are translated at the average foreign exchange rates of the comparable period of fiscal 2017 which were 1.2864 USD/CDN and 1.6614 GBP/CDN.

REVENUE

Fiscal 2018 fourth-quarter revenue increased by 14.1% (13.2% in constant currency) compared to the same period of the prior year mainly due to:

- growth of 14.9% (13.9% in constant currency) in the Communications segment mostly as a result of the MetroCast acquisition; partly offset by
- a decrease of 2.6% in the Other segment resulting mainly from a soft advertising market in the media activities.

OPERATING EXPENSES

Fiscal 2018 fourth-quarter operating expenses increased by 13.5% (12.5% in constant currency) compared to the same period of the prior year mostly attributable to the Communications segment.

ADJUSTED EBITDA

Fiscal 2018 fourth-quarter adjusted EBITDA increased by 14.8% (14.1% in constant currency) mostly attributable to the improvement in the Communications segment as a result of the MetroCast acquisition.

INTEGRATION, RESTRUCTURING AND ACQUISTION COSTS

Fiscal 2018 fourth-quarter integration, restructuring and acquisition costs amounted to $1.8 million compared to $3.2 million in the same period of the prior year which are mostly comprised of acquisition and integration costs in connection with the MetroCast acquisition. For fiscal 2017, integration, restructuring and acquisition costs were also related to the MetroCast acquisition.

DEPRECIATION AND AMORTIZATION

Three-months ended August 31,	2018	2017	Change
(in thousands of dollars, except percentages)	$	$	%
Depreciation of property, plant and equipment	123,616	102,672	20.4
Amortization of intangible assets	22,187	15,331	44.7
Depreciation and amortization	145,803	118,003	23.6

Fiscal 2018 fourth-quarter depreciation and amortization expense increased by 23.6% mostly as a result of the MetroCast acquisition combined with the appreciation of the US dollar and British Pound against the Canadian dollar compared to the same period of the prior year.

FINANCIAL EXPENSE

Three-months ended August 31,	2018	2017	Change
(in thousands of dollars, except percentages)	$	$	%
Interest on long-term debt	46,747	33,964	37.6
Net foreign exchange losses (gains)	(1,831)	1,771	—
Amortization of deferred transaction costs	456	640	(28.8)
Capitalized borrowing costs	(162)	(833)	(80.6)
Other	1,021	958	6.6
Financial expense	46,231	36,500	26.7

Fiscal 2018 fourth-quarter financial expense increased by 26.7% mainly as follows:

- higher level of Indebtedness and higher interest rates on the First Lien Credit Facilities following the MetroCast acquisition; and
- the appreciation of the US dollar against the Canadian dollar compared to same period of the prior year; partly offset by
- early reimbursement of the US$400 million Senior Unsecured Notes during the third quarter of fiscal 2018; and
- reimbursement at maturity of the $100 million Senior Unsecured Debentures during the third quarter of fiscal 2018.

INCOME TAXES

Three-months ended August 31,	2018	2017	Change
(in thousands of dollars, except percentages)	$	$	%
Profit before income taxes	94,800	93,710	1.2
Combined Canadian income tax rate	26.50%	26.50%	—
Income taxes at combined Canadian income tax rate	25,122	24,833	1.2
Adjustment for losses or profit subject to lower or higher tax rates	(101)	882	—
Revaluation of deferred tax assets	802	616	30.2
Impact on deferred taxes as a result of changes in substantively enacted tax rates	(38)	(276)	(86.2)
Impact on income taxes arising from non-deductible expenses	343	1,137	(69.8)
Tax impacts related to foreign operations	(6,829)	(4,247)	60.8
Other	(540)	(329)	64.1
Income taxes	18,759	22,616	(17.1)

Fiscal 2018 fourth-quarter income taxes expense decreased by 17.1% compared to the same period of the prior year mainly attributable to:

- the effect of the federal rate reduction in the United States; partly offset by
- the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

PROFIT FOR THE PERIOD

Three-months ended August 31,	2018	2017	Change
(in thousands of dollars, except percentages and earnings per share)	$	$	%
Profit for the period	76,041	71,094	7.0
Profit for the period attributable to owners of the Corporation	24,796	22,312	11.1
Profit for the period attributable to non-controlling interest(1)	51,245	48,782	5.0
Basic earnings per share	1.52	1.35	12.6

(1) The non-controlling interest represents a participation of approximately 68.3% in Cogeco Communications' profit for the year attributable to owners of the Corporation in addition to a participation of 21% in its subsidiary results, Atlantic Broadband.

Fiscal 2018 profit for the period increased by 7.0% and profit for the year attributable to owners of the Corporation by 11.1% as a result of:

- the improvement of adjusted EBITDA mainly as a result of the MetroCast acquisition; and
- the decrease in income taxes mostly related to the recent US tax reform; partly offset by
- increases in depreciation and amortization and financial expense mostly related to the MetroCast acquisition.

COMMUNICATIONS SEGMENT

OPERATING AND FINANCIAL RESULTS

	Three-months ended				
	August 31, 2018 (1)	August 31, 2017	Change	Change in constant currency (2)	Foreign exchange impact (2)
(in thousands of dollars, except percentages)	$	$	%	%	$
Revenue	633,857	551,728	14.9	13.9	5,225
Operating expenses	345,946	299,880	15.4	14.3	3,331
Management fees – Cogeco Inc.	4,796	4,653	3.1	3.1	—
Adjusted EBITDA	283,115	247,195	14.5	13.8	1,894
Adjusted EBITDA margin	44.7%	44.8%			

(1) For the three-month period ended August 31, 2018, the average foreign exchange rates used for translation were 1.3100 USD/CDN and 1.7175 GPB/CDN.

(2) Fiscal 2018 actuals are translated at the average foreign exchange rates of the comparable period of fiscal 2017 which were 1.2864 USD/CDN and 1.6614 GBP/CDN.

Revenue

Fiscal 2018 fourth-quarter revenue improved by 14.9% (13.9% in constant currency) mainly due to:

- growth of 55.9% (53.1% in constant currency) in the American broadband services operations as a result of:
  - the MetroCast acquisition completed in the second quarter of fiscal 2018;
  - rate increases implemented in September 2017;
  - the continued growth in Internet and telephony services customers; partly offset by
  - a decrease in video service customers.

- a decrease of 1.6% (1.6% in constant currency) in the Canadian broadband services operations resulting from:
  - a higher decline in primary service units, during the second half of fiscal 2018, from lower new service activations due to the migration of 22 legacy customer management systems to a new advanced integrated system which resulted in a higher volume of billing inquiries related to an improved bill layout, as well as service provisioning issues and consequently, impacted Cogeco Connexion's customer service level in its contact centers;
  - reduction of marketing activities during the stabilization phase of the new advanced customer management system; and
  - promotional pricing provided to customers; partly offset by
  - rate increases implemented in the first quarter of fiscal 2018.

- a decrease of 1.3% (2.4% in constant currency) in the Business ICT services operations due to:
  - higher churn and competitive pricing pressures on the hosting and network connectivity services; partly offset by
  - a growth in cloud services revenue.

Operating expenses

Fiscal 2018 fourth-quarter operating expenses increased by 15.4% (14.3% in constant currency) mainly due to:

- additional costs of 47.7% (45.0% in constant currency) in the American broadband services operations mainly as a result of:
  - the MetroCast acquisition completed in the second quarter of fiscal 2018;
  - programming rate increases; and
  - additional costs such as employee and outsourced services compensation costs and marketing expenses to support the continued expansion in Florida and the business sector.

- stable operating expenses in the Canadian broadband services operations resulting from:
  - higher costs of approximately $6.9 million driven by an increase in headcount to support the stabilization phase of the new advanced customer management system; partly offset by
  - lower programming costs resulting from a decline in video customer services; and
  - lower professional fees following the implementation in the third quarter of fiscal 2018 of the new advanced customer management system.

- a decrease of 2.3% (3.3% in constant currency) in the Business ICT services operations mainly due to:
  - lower marketing expenses due to the timing of certain initiatives;
  - lower software licenses costs as a result of lower revenue; partly offset by
  - higher facilities costs.

Management fees

Fiscal 2018 fourth-quarter remained essentially the same at $4.8 million compared to $4.7 million for the same period of the prior year.

Adjusted EBITDA

Fiscal 2018 fourth-quarter adjusted EBITDA increased by 14.5% (13.8% in constant currency) resulting from:

- an increase of 67.3% (64.3% in constant currency) in the American broadband services operations as a result of the MetroCast acquisition; and
- stable adjusted EBITDA, as reported and in constant currency, in the Business ICT services operations; partly offset by
- a decrease of 3.2% (3.0% in constant currency) in the Canadian broadband services operations.

Acquisitions of property, plant and equipment, intangible and other assets

Fiscal 2018 fourth-quarter acquisitions of property, plant and equipment, intangible and other assets increased by 24.1% (22.1% in constant currency) mainly due to:

- an increase of $38.7 million ($40.4 million in constant currency) in the American broadband services operations as a result of:
  - capital expenditures related to the recent acquisition of MetroCast and to the expansion in Florida; and
  - additional investments to extend the network and to improve the infrastructure in some of the areas we serve.

- an increase of 3.2% (2.0% in constant currency) in the Canadian broadband services operations due to:
  - additional investments in network infrastructure in order to extend the network in new areas and to improve Internet speed offerings;
  - higher purchases of customer premise equipment; partly offset by
  - lower network equipment due to the timing of certain initiatives; and
  - lower capital expenditures related to the implementation of a new customer management system during the third quarter of fiscal 2018.

- a decrease of 26.6% (27.6% in constant currency) in the Business ICT services operations due to lower purchase of equipments to serve customers as a result of the timing of certain initiatives.

CUSTOMER STATISTICS

	August 31, 2018			Net additions (losses) Three-months ended August 31,	
	Consolidated	Canada	United States	2018 (2)	2017
Primary service units(1)	2,751,383	1,866,918	884,465	(33,021)	(5,663)
Internet service customers	1,207,225	782,277	424,948	1,728	8,310
Video service customers	1,006,020	688,768	317,252	(18,999)	(10,245)
Telephony service customers(1)	538,138	395,873	142,265	(15,750)	(3,728)

(1) In the second quarter of fiscal 2018, telephony services customers have been adjusted upwards retroactively as a result of a change in reporting business customers and consequently, primary service units prior to that period have also been adjusted.

(2) Exclude adjustments related to the migration to the new advanced customer management system which was implemented during the third quarter of fiscal 2018.

During the third quarter of fiscal 2018, the Canadian broadband services operations implemented a new advanced customer management system, replacing 22 legacy systems. The implementation of this new system was a very complex transformation which required more focus than anticipated during the stabilization phase. Consequently, marketing and sales initiatives were slowed down on purpose for several months resulting in a delay of new services activation and therefore, primary services units were negatively impacted during the second half of fiscal 2018. Marketing and sales initiatives have now returned to normal while the customer management system is still in the process of stabilization.

INTERNET

Fiscal 2018 fourth-quarter Internet service customers net additions amounted to 1,728 compared to 8,310 in fiscal 2017 mainly explained by:

- lower marketing and sales initiatives and contact center congestion resulting from the implementation and stabilization of the new customer management system in Canada; and
- competitive offers in the industry; partly offset by
- additional connects from the Florida expansion and in the MetroCast footprint;
- the ongoing interest in high speed offerings and bundle offers;
- the increased demand from Internet resellers and from the business sector in Canada;
- growth in both the residential and business sectors in the United States.

VIDEO

Fiscal 2018 fourth-quarter video net losses stood at 18,999 compared to 10,245 in fiscal 2017 mainly explained by:

- lower marketing and sales initiatives and contact center congestion resulting from the implementation and stabilization of the new customer management system in Canada;
- highly competitive offers in the industry; and
- a changing video consumption environment; partly offset by
- a larger customer base resulting from the MetroCast acquisition;
- additional connects from the Florida expansion; and
- our customers' ongoing interest in TiVo's digital advanced video services and bundles with fast Internet offerings.

TELEPHONY

Fiscal 2018 fourth-quarter telephony net losses stood at 15,750 compared to 3,728 in fiscal 2017 mainly explained by:

- lower marketing and sales initiatives and contact center congestion resulting from the implementation and stabilization of the new customer management system;
- the increasing wireless penetration in Canada and various unlimited offers launched by wireless operators causing some customers to cancel their landline telephony services for wireless telephony services only; partly offset by
- the continued growth in the residential and business sectors in the United States.

CASH FLOW ANALYSIS

Three-months ended August 31,	2018	2017	Change
(in thousands of dollars, except percentages)	$	$	%
Cash flow from operating activities	299,360	356,814	(16.1)
Cash flow from investing activities	(214,236)	(198,994)	7.7
Cash flow from financing activities	(62,329)	(89,770)	(30.6)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	(2)	(2,428)	(99.9)
Net change in cash and cash equivalents	22,793	65,622	(65.3)
Cash and cash equivalents, beginning of period	63,559	146,661	(56.7)
Cash and cash equivalents, end of period	86,352	212,283	(59.3)

Fiscal 2018 fourth-quarter cash flow from operating activities decreased by 16.1% mainly as a result of the following:

- the decrease in changes in non-cash operating activities primarily due to changes in working capital;
- the increase in financial expense paid as a result of higher level of Indebtedness and higher interest rates following the MetroCast acquisition; and
- the increase in income taxes paid mainly from the payment of income tax installments; partly offset by
- the improvement in adjusted EBITDA.

INVESTING ACTIVITIES

Fiscal 2018 fourth-quarter investing activities increased by 7.7% compared to the same period of the prior year mainly due to:

- the increase in acquisitions of property, plant and equipment; and
- the acquisition of Spectrum licenses; partly offset by
- the redemption of short-term investments.

ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND OTHER ASSETS

Fiscal 2018 fourth-quarter acquisitions of property, plant and equipment, intangible and other assets increased by 24.7% (22.8% in constant currency) compared to the same period of fiscal 2017 mainly due to the increase of capital expenditures in the Communications segment as discussed above.

ACQUISITIONS OF SPECTRUM LICENSES

On June 21, 2018, Cogeco Communications' subsidiary, Cogeco Connexion, acquired 10 Spectrum licenses of 2500 MHz in non-metropolitan areas of Ontario, from Kian Telecom, for $8 million. In May 2018, Cogeco Connexion was also the successful bidder on 23 Spectrum licenses of 2500 MHz and 2300 MHz, primarily in its Ontario and Québec footprints, in the auction for residual Spectrum licenses organized by ISED Canada for a total price of $24.3 million. Both transactions were completed during the fourth quarter of fiscal 2018.

FREE CASH FLOW

Fiscal 2018 fourth-quarter free cash flow increased by 6.7% (9.8% in constant currency) compared to the same period of the prior year mainly as a result of the following:

- the improvement in adjusted EBITDA; and
- the decrease in current income taxes expense; partly offset by
- the increase in acquisitions of property, plant and equipment, intangible and other assets resulting mostly from higher capital expenditures in the American broadband services operations; and
- the increase in financial expense.

FINANCING ACTIVITIES

Fiscal 2018 fourth-quarter change in cash flows arising from financing activities is mainly explained as follows:

Three-months ended August 31,	**2018**	2017	Change	Explanations
(in thousands of dollars)	**$**	$	$	
Increase (decrease) in bank indebtedness	**(10,738)**	434	(11,172)	Related to the timing of payments made to suppliers.
Net decrease under the revolving facilities	**(17,333)**	(13,963)	(3,370)	
Repayments of long-term debt	**(5,553)**	(53,638)	48,085	Repayments on the First Lien Credit Facilities and the $50 million Senior Unsecured Notes in fiscal 2017.
	(33,624)	(67,167)	33,543	

DIVIDENDS

During the fourth quarter of fiscal 2018, a quarterly eligible dividend of $0.39 per share was paid to the holders of subordinate and multiple voting shares, totaling $6.4 million, compared to a dividend paid of $0.34 per share, or $5.6 million in the fourth quarter of fiscal 2017.

NORMAL COURSE ISSUER BID

During the fourth quarter of fiscal 2018, Cogeco purchased and cancelled 103,510 subordinate voting shares with average stated value of $0.8 million for a consideration of $6.5 million.

FISCAL 2019 FINANCIAL GUIDELINES

CONSOLIDATED

Cogeco maintains its fiscal 2019 preliminary financial guidelines as issued on July 11, 2018.

The Corporation presents its financial guidelines on a constant currency basis and believes this presentation enables an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates. Measures on a constant currency basis are considered non-IFRS measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

The following table outlines fiscal 2019 financial guidelines ranges on a consolidated basis:

	Projections (prior to the adoption of IFRS 15)[(1)] Fiscal 2019[(2)]	Actual Fiscal 2018
(in millions of dollars, except percentages)	$	$
Financial guidelines		
Revenue	Increase of 6% to 8%	**2,538**
Adjusted EBITDA	Increase of 8% to 10%	**1,114**
Acquisitions of property, plant and equipment, intangible and other assets[(3)]	$555 to $575	**519**
Free cash flow[(4)]	Increase of 17% to 24%	**345**

(1) Fiscal 2019 financial guidelines presented as percentages reflect increases over actual for fiscal 2018 prior to the adoption of IFRS 15, *Revenue from contracts with customers*, which is not expected to have a significant impact on these guidelines.

(2) Fiscal 2019 financial guidelines are based on fiscal 2018 actual exchange rates of 1.28 USD/CDN and 1.72 GBP/CDN.

(3) The definition of acquisitions of property, plant and equipment, intangible and other assets excludes purchases of Spectrum licenses.

(4) The assumed current income tax effective rate is approximatively 19%.

COMMUNICATIONS SEGMENT

Cogeco Communications maintains its fiscal 2019 preliminary financial guidelines as issued on July 11, 2018.

On a constant currency and consolidated bases, Cogeco Communications expects fiscal 2019 revenue to grow between 6% and 8% mainly as a result of the full year impact of the MetroCast acquisition compared to eight months for fiscal 2018 and the FiberLight acquisition which are both in the American broadband services segment. In addition, growth in the American broadband services segment should also stem from growth of primary service units from the continued expansion in Florida as well as from growth in the MetroCast footprint combined with the impact of rate increases in most services. In the Canadian broadband services segment, revenue growth should stem primarily from the business sector, as a result of the increasing demand for Internet services and rate increases in most services. Included in the Canadian broadband guidelines are rate increases to be implemented at the end of the first quarter compared to an earlier implementation the prior year, as well as expected primary services units losses during the first quarter in line with those of the fourth quarter of the prior year. In the Business ICT services segment, revenue should benefit from growth in colocation and hosting services, partly offset by a decrease in network connectivity services as a result of competitive pricing pressures.

On a constant currency and consolidated bases, fiscal 2019 adjusted EBITDA should grow between 8% and 10% due to the full year impact of the MetroCast acquisition, the FiberLight acquisition and from revenue growth exceeding operating expenses as result of cost reduction initiatives in the Canadian broadband services segment, partly offset by higher operating expenses in the American broadband services and Business ICT services segments.

The consolidated capital intensity ratio should remain stable. In the Canadian broadband services segment, capital intensity should remain stable and capital expenditures will focus on digital transformation initiatives, extensions of the network into new areas, network upgrades to 1 Gbps Internet speeds to 60% of the footprint by fiscal year end and launching the MediaFirst IPTV video platform. In the American broadband services segment, capital intensity should decrease in fiscal 2019 as a result of the one-time purchase of dark fibres from FiberLight in fiscal 2018. Capital expenditures in fiscal 2019 will focus on the Florida expansion and on upgrading the network to 1 Gbps Internet speeds to 85% of the American footprint by year end. In the Business ICT services segment, capital intensity should increase mainly from expected higher capital expenditures due to strategic investments amounting to approximately $30 million in the existing Kirkland data centre facility to build a third pod to serve customer needs.

Free cash flow on a constant currency and consolidated bases should increase between 18% and 25% mainly due to the growth of adjusted EBITDA, partly offset by an increase in capital expenditures.

The following table outlines fiscal 2019 financial guidelines ranges on a consolidated basis:

	Projections (prior to the adoption of IFRS 15)[1] Fiscal 2019[2]	Actual Fiscal 2018
(in millions of dollars, except percentages)	$	$
Financial guidelines		
Revenue[3]	Increase of 6% to 8%	2,424
Adjusted EBITDA[3]	Increase of 8% to 10%	1,086
Acquisitions of property, plant and equipment, intangible and other assets[4]	$550 to $570	516
Capital intensity	21% to 22%	21.3%
Free cash flow[5]	Increase of 18% to 25%	326

(1) Fiscal 2019 financial guidelines presented as percentages reflect increases over actual for fiscal 2018 prior to the adoption of IFRS 15, *Revenue from contracts with customers*, which is not expected to have a significant impact on these guidelines.

(2) Fiscal 2019 financial guidelines are based on fiscal 2018 actual exchange rates of 1.28 USD/CDN and 1.72 GBP/CDN.

(3) The impact of integrating MetroCast operating results for a full year, together with the acquisition of fibre network and corresponding assets from FiberLight, LLC, completed on October 1, 2018, represent approximately 4% of revenue growth and 5% of adjusted EBITDA growth.

(4) The definition of acquisitions of property, plant and equipment, intangible and other assets excludes purchases of Spectrum licenses.

(5) The assumed current income tax effective rate is approximatively 19%.

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 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.**
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Analyst Conference Call: **Thursday, November 1st, 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 http://corpo.cogeco.com/cgo/en/investors/investor-relations/