PRESS RELEASE
<u>For immediate release</u>

Cogeco Cable Inc. reports solid First Quarter 2015 financial results

- ***First-quarter revenue reached $497.0 million, an increase of 4.6%;***
- ***Adjusted EBITDA[(1)] increased by 3.5% compared to first quarter of fiscal 2014 to reach $218.9 million; and***
- ***Profit for the period rose to $56.7 million, an increase of 14.1% compared to the same period in fiscal 2014.***

Montréal, January 13, 2015 – Today, Cogeco Cable Inc. (TSX: CCA) ("Cogeco Cable" or the "Corporation") announced its financial results for the first quarter of fiscal 2015, ended November 30, 2014, in accordance with International Financial Reporting Standards ("IFRS").

For the first quarter of fiscal 2015:

- First-quarter revenue increased by $22.0 million, or 4.6%, to reach $497.0 million driven by growth of 1.8% in the Canadian cable services segment, 15.2% in the American cable services segment and 3.5% in the Enterprise data services segment. Revenue increased organically from most of our operating units combined with favorable foreign exchange rates for our foreign operations;
- Adjusted EBITDA increased by 3.5% to $218.9 million compared to the first quarter of fiscal 2014. The progression resulted mainly from the improvement in the Canadian and American cable services segments as well as the favorable foreign exchange rates for our foreign operations compared to the same period of last year;
- Operating margin[(1)] slightly decreased to 44.0% in the first quarter compared to 44.5% for the same period of the prior year mainly as a result of lower margin from the business activities of the Enterprise data services segment, partly offset by the improvement in the Canadian cable services segment;
- Profit for the period amounted to $56.7 million compared to $49.7 million in fiscal 2014, representing an increase of 14.1%. The progression for the quarter is mainly attributable to the improvement of the adjusted EBITDA, partly offset by the increase in financial expense;
- First-quarter free cash flow[(1)] decreased by $3.2 million to reach $64.9 million compared to $68.2 million in the first quarter of fiscal 2014. This decrease is mainly due to the increase of $18.4 million in acquisitions of property, plant and equipment, partly offset by the improvement of adjusted EBITDA;
- Fiscal 2015 first-quarter cash flow from operating activities reached $22.1 million compared to $63.1 million, representing a decrease of $41.0 million, or 64.9%, compared to fiscal 2014 first-quarter. The decrease is mainly attributable to the increase in changes in non-cash operating activities as a result of a higher decrease in trade and other payables compared to the same period of last year and the increase in financial expense paid, partly offset by the improvement of adjusted EBITDA;
- A quarterly eligible dividend of $0.35 per share was paid to the holders of subordinate and multiple voting shares, representing an increase of $0.05 per share, or 16.7%, compared to a dividend of $0.30 per share paid in the first quarter of fiscal 2014;
- At its January 13, 2015 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of $0.35 per share for multiple voting and subordinate voting shares payable on February 10, 2015; and

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(1) The indicated terms do not have standard 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").

- On December 12, 2014, the Corporation amended its Term Revolving Facility. Under the term of the amendment, the maturity was extended by an additional year and consequently, will mature on January 22, 2020.

“I am very pleased to report solid financial results for the first quarter of fiscal year 2015 as once again we’ve shown our ability to grow profitably despite intense competition from existing and new players, changing market dynamics and rapid technology advances,” declared Louis Audet, President and Chief Executive Officer of Cogeco Cable Inc.

“I’m proud to highlight that Cogeco Cable Canada successfully launched the Cogeco TiVo Service, a game-changer in the Canadian cable market, in our Ontario footprint, and we are looking forward to its Quebec launch this coming spring. I am also happy to report that we are already seeing the positive impact of last year’s successful TiVo launch at Atlantic Broadband, our American subsidiary. Our groundbreaking entry into the next-generation television market demonstrates our ability to understand the needs of our customers and offer them the leading-edge services and solutions they expect and deserve,” continued Louis Audet.

“We have begun our fiscal year with a strong performance and I am confident that Cogeco Cable will continue on its growth path and deliver on its 2015 projections,” concluded Louis Audet.

ABOUT COGECO CABLE

Cogeco Cable Inc. (www.cogeco.ca) is a telecommunications corporation. It is the 11th largest cable operator in North America operating in Canada under the Cogeco Cable Canada name in Québec and Ontario, and in the United States under the Atlantic Broadband name in Western Pennsylvania, South Florida, Maryland/Delaware and South Carolina. Its two-way broadband fibre networks provide to its residential and business customers analogue and digital television, high speed Internet and telephony services. Through its subsidiaries Cogeco Data Services and Peer 1 Hosting, Cogeco Cable provides to its commercial customers a suite of information technology services (colocation, managed and dedicated hosting, managed IT, cloud and connectivity services), with 20 data centres, extensive fibre networks in Montréal and Toronto as well as points of-presence in North America and Europe. Cogeco Cable Inc.’s subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

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Analyst Conference Call: **Wednesday, January 14, 2015 at 9:30 a.m.** (Eastern 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: **1 800-524-8950**
International Access Number: **+ 1 416-260-0113**
Confirmation Code: **9732023**
By Internet at www.cogeco.ca/investors

A rebroadcast of the conference call will be available until April 15, 2015, by dialing:

Canada and United States access number: **1 888-203-1112**
International access number: **+ 1 647-436-0148**
Confirmation code: **9732023**

SHAREHOLDERS' REPORT

Three-month period ended November 30, 2014

FINANCIAL HIGHLIGHTS

	Quarters ended November 30,		
(in thousands of dollars, except percentages and per share data)	**2014**	2013	Change
	$	$	%
Operations			
Revenue	**497,001**	474,980	4.6
Adjusted EBITDA(1)	**218,860**	211,522	3.5
Operating margin(1)	**44.0%**	44.5%	—
Profit for the period	**56,709**	49,698	14.1
Cash Flow			
Cash flow from operating activities	**22,122**	63,110	(64.9)
Cash flow from operations(1)	**167,822**	153,264	9.5
Acquisitions of property, plant and equipment, intangible and other assets	**102,883**	85,089	20.9
Free cash flow(1)	**64,939**	68,175	(4.7)
Financial Condition(2)			
Property, plant and equipment	**1,850,109**	1,830,971	1.0
Total assets	**5,244,059**	5,173,741	1.4
Indebtedness(3)	**2,880,065**	2,744,746	4.9
Shareholders' equity	**1,556,425**	1,508,256	3.2
Capital intensity(1)	**20.7%**	17.9%	—
Per Share Data(4)			
Earnings per share			
Basic	**1.16**	1.02	13.7
Diluted	**1.15**	1.01	13.9

(1) The indicated terms do not have standardized definitions prescribed by 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 Management Discussion and Analysis ("MD&A").
(2) At November 30, 2014 and August 31, 2014.
(3) Indebtedness is defined as the aggregate of bank indebtedness, principal on long-term debt and derivative financial instruments.
(4) Per multiple and subordinate voting share.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Three-month period ended November 30, 2014

FORWARD-LOOKING STATEMENTS

Certain statements in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Cable's 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. In particular, statements regarding the Corporation's future operating results and economic performance and its 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 Cable believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. The Corporation cautions the reader that the economic downturn experienced over the past few years makes forward-looking information and the underlying assumptions subject to greater uncertainty and that, consequently, they may not materialize, or the results may significantly differ from the Corporation's expectations. It is impossible for Cogeco Cable to predict with certainty the impact that the current economic uncertainties may have on future results. Forward-looking information is also subject to certain factors, including risks and uncertainties (described in the "Uncertainties and main risk factors" section of the Corporation's 2014 annual MD&A) that could cause actual results to differ materially from what Cogeco Cable currently expects. These factors include namely risks pertaining to markets and competition, technology, regulatory developments, operating costs, information systems, disasters or other contingencies, financial risks related to capital requirements, human resources, controlling shareholder and holding structure, many of which are beyond the Corporation's control. Therefore, future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, the Corporation is under no obligation and does not undertake to update or alter this information at any particular time, except as may required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three-month period ended November 30, 2014, prepared in accordance with the International Financial Reporting Standards ("IFRS") and the MD&A included in the Corporation's 2014 Annual Report.

CORPORATE OBJECTIVES AND STRATEGIES

Cogeco Cable Inc.'s ("Cogeco Cable" or the "Corporation") objectives are to increase profitability and create shareholder value. To achieve these objectives, the Corporation has developed strategies that focus on expanding its service offerings and enhancing its existing services or bundles, improving the networks, improving customer experience and business processes as well as keeping a sound capital management and a strict control over spending. The Corporation measures its performance, with regard to these objectives by monitoring adjusted EBITDA(1), operating margin(1), free cash flow(1) and capital intensity(1).

KEY PERFORMANCE INDICATORS

ADJUSTED EBITDA AND OPERATING MARGIN

For the three-month period ended November 30, 2014, adjusted EBITDA increased by 3.5% to reach $218.9 million compared to the same period of fiscal 2014. Progression in the adjusted EBITDA is mainly attributable to the improvement in the Canadian and American cable services segments combined with favorable foreign exchange rates benefiting our foreign operations compared to the same period of last year. Cogeco Cable's operating margin slightly decreased to 44.0% from 44.5% essentially due to lower margin business activities from the Enterprise data services segment, partly offset by the improvement in the Canadian cable services segment.

FREE CASH FLOW

For the three-month period ended November 30, 2014, Cogeco Cable reported free cash flow of $64.9 million, a decrease of $3.2 million compared to $68.2 million for the same period of the previous fiscal year. The decrease is mostly attributable to the increase in acquisitions of property, plant and equipment as explained below, partly offset by the improvement of adjusted EBITDA explained above.

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

During the three-month period ended November 30, 2014, the acquisitions of property, plant and equipment, intangible and other assets amounted to $102.9 million and revenue to $497.0 million for a capital intensity ratio of 20.7% compared to 17.9% in the comparable period of the prior year. Capital intensity ratio has increased mainly as result of higher acquisitions of property, plant and equipment, intangible and other assets mainly from the American cable services and the Enterprise data services segments compared to the same period of the prior year. In the American cable services segment, the increase in capital expenditures is mainly due to higher customer premise equipment resulting from the launch in fiscal 2014 of Tivo's digital advanced television services and PSU growth as well as the increase in scalable infrastructure to extend and improve the network capacity in some of the areas served by Atlantic Broadband. In the Enterprise services segment, the increase is mainly due to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie data centre as well as the expansion of its data centre footprint with the initial construction of a new data centre in Montréal, Québec. For further details on the Corporation's capital expenditures please refer to the "Cash flow analysis" section.

BUSINESS DEVELOPMENTS AND OTHER

On December 12, 2014, the Corporation amended its Term Revolving Facility. Under the term of the amendment, the maturity was extended by an additional year and consequently, will mature on January 22, 2020.

OPERATING AND FINANCIAL RESULTS

OPERATING RESULTS

Quarters ended November 30,	**2014**	2013	Change
(in thousands of dollars, except percentages)	**$**	$	%
Revenue	**497,001**	474,980	4.6
Operating expenses	**268,264**	253,949	5.6
Management fees – COGECO Inc.	**9,877**	9,509	3.9
Adjusted EBITDA	**218,860**	211,522	3.5
Operating margin	**44.0%**	44.5%	

(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.

REVENUE

Fiscal 2015 first-quarter revenue increased by $22.0 million, or 4.6%, compared to prior year, to reach $497.0 million driven by growth of 1.8% in the Canadian cable services segment, 15.2% in the American cable services segment and 3.5% in the Enterprise data services segment. Revenue increased organically in most of our operating units combined with the favorable foreign exchange rates for our foreign operations compared to the same period of last year. For further details on the Corporation's revenue, please refer to the "Segmented operating results" section.

OPERATING EXPENSES AND MANAGEMENT FEES

For the first quarter of fiscal 2015, operating expenses increased by $14.3 million to reach $268.3 million, representing an increase of 5.6% compared to the prior year. Operating expenses increased organically from all of our operating units combined with the appreciation of the US dollar and British Pound currency compared to the Canadian dollar. For further details on the Corporation's operating expenses, please refer to the "Segmented operating results" section.

For the first three months of the fiscal year 2015, management fees paid to COGECO Inc. amounted to $9.9 million, 3.9% higher compared to $9.5 million in the same period of fiscal 2014. For fiscal 2015, management fees have been set at a maximum of $9.9 million ($9.7 million in 2014), which were fully paid in the first quarter of fiscal 2015. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

ADJUSTED EBITDA AND OPERATING MARGIN

For the three-month period ended November 30, 2014, adjusted EBITDA increased by $7.3 million, or 3.5%, to reach $218.9 million, compared to the same period of the prior year. The increase for the quarter is mainly attributable to the improvement in the Canadian and American cable services segments as well as the favorable foreign exchange rates for our foreign operations compared to the same period of last year. Cogeco Cable's first-quarter operating margin slightly decreased to 44.0% from 44.5% compared to the comparable period of the prior year mainly as a result of lower margin business activities from the Enterprise data services segment, partly offset by the improvement in the Canadian cable services segment. For further details on the Corporation's adjusted EBITDA and operating margin, please refer to the "Segmented operating results" section.

FIXED CHARGES

Quarters ended November 30,	**2014**	2013	Change
(in thousands of dollars, except percentages)	**$**	$	%
Depreciation and amortization	**114,593**	115,754	(1.0)
Financial expense	**35,728**	32,549	9.8

For the three-month period ended November 30, 2014, depreciation and amortization expense amounted to $114.6 million compared to $115.8 million for the same period of the prior year mainly as a result of certain intangible assets being fully amortized since the end of the fourth quarter of fiscal 2014, partly offset by the appreciation of the US dollar and the British Pound currency compared to Canadian dollar and from additional acquisitions of property, plant and equipment.

Fiscal 2015 first-quarter financial expense increased by 9.8% to $35.7 million compared to $32.5 million in fiscal 2014 first-quarter mainly as a result of the appreciation of the US dollar and British Pound currency compared to the Canadian dollar.

INCOME TAXES

For the three-month period ended November 30, 2014, income taxes amounted to $11.8 million compared to $13.3 million for the same period in the prior year. The decrease is mostly attributable to the increase in fixed charges as well as the favorable impact of the tax structure implemented at the time of the acquisitions of Atlantic Broadband and Peer 1 Hosting[1] during fiscal 2013, partly offset by the improvement in adjusted EBITDA.

PROFIT FOR THE PERIOD

For the first quarter of fiscal 2015, profit for the period amounted to $56.7 million, or $1.16 per share, compared to $49.7 million, or $1.02 per share last year. Progression of the profit for the period is attributable to the improvement of adjusted EBITDA, partly offset by the increase in financial expense.

(1) Peer 1 Hosting refers to Peer 1 Network (USA) Holdings Inc., Peer 1 (UK) Ltd. and Peer 1 Network Enterprises, Inc.

CUSTOMER STATISTICS

	Consolidated	UNITED STATES	CANADA	Net additions (losses) Quarters ended November 30,	
		November 30, 2014		2014	2013
PSU (1)	**2,453,272**	**501,955**	**1,951,317**	**11,088**	(2,725)
Television service customers	**1,014,629**	**224,943**	**789,686**	**(8,465)**	(9,093)
HSI service customers	**887,988**	**195,077**	**692,911**	**18,535**	10,452
Telephony service customers	**550,655**	**81,935**	**468,720**	**1,018**	(4,084)

(1) Represents the sum of Television, High Speed Internet ("HSI") and Telephony service customers.

At November 30, 2014, PSU reached 2,453,272 of which 1,951,317 came from the Canadian cable services segment and 501,955 came from the American cable services segment. For the three-month period ended November 30, 2014, PSU net additions stood at 11,088 compared to PSU net losses of 2,725 for the comparable period of fiscal 2014. Fiscal 2015 first-quarter net losses for Television service customers stood at 8,465 compared to 9,093 mainly as a result of service category maturity and competitive offers in the industry. HSI service customers grew by 18,535 compared to 10,452 and the Telephony service customers net additions stood at 1,018 compared to net losses of 4,084 for the comparable period of fiscal 2014. HSI net additions continued to stem from the enhancement of the product offering, the positive impact of bundle offers and the growth in the business sector. The increase in Telephony services customers is mainly attributable to the American cable services segment, partly offset by net losses in the Canadian cable services segment as a result of the increasing mobile penetration rate and various unlimited offers launched by mobile operators causing customers to cancel their landline Telephony services for mobile services only.

In the Canadian cable services segment, PSU increased by 5,295 for the first-quarter of fiscal 2015, compared to a decrease of 4,620 for the same period last year. The PSU growth stems primarily from additional HSI services, partly offset by a slightly higher decrease in the Television services.

In the American cable services segment, PSU increased by 5,793 for the first-quarter of fiscal 2015, compared to 1,895 for the same period of prior year. The PSU growth stems primarily from additional HSI and Telephony services.

For further details on the Corporation's customer statistics, please refer to the "Segmented operating results" section.

RELATED PARTY TRANSACTIONS

Cogeco Cable Inc. is a subsidiary of COGECO Inc., which holds 32.0% of the Corporation’s equity shares, representing 82.4% of the Corporation’s voting shares. On September 1, 1992, Cogeco Cable Inc. executed a management agreement with COGECO Inc. under which the parent company agreed to provide certain executive, administrative, legal, regulatory, strategic and financial planning services and additional services to the Corporation and its subsidiaries (the “Management Agreement”). These services are provided by COGECO Inc.’s senior executives, including the President and Chief Executive Officer, the Senior Vice President and Chief Financial Officer, the Vice President, Regulatory Affairs and Copyright, the Vice President, Corporate Affairs, Chief Legal Officer and Secretary, the Vice President, Corporate Development, the Vice President and Treasurer, the Vice President, Public Affairs and Communications, the Vice President, Corporate Human Resources and the Vice President, Internal Audit and Risk Management. No direct remuneration is payable to such senior executives by the Corporation. However, during the first quarter of fiscal 2015, the Corporation granted 61,300 (83,650 in 2014) stock options to these senior executives as senior executives of Cogeco Cable and charged COGECO Inc. amounts of $113,000 ($94,000 in 2014) with regards to the Corporation’s stock options granted to these senior executives.

No Incentive Share Units (“ISUs”) of the Corporation were granted to senior executives of COGECO Inc. during the first three months of fiscal 2015 (12,450 in 2014). The Corporation charged to COGECO Inc. an amount of $86,000 ($199,000 in 2014) with regards to the ISUs previously granted by the Corporation to these executives of COGECO Inc.

The Corporation introduced a new Performance Share Unit Plan ("PSU Plan") in the first three-month period of fiscal 2015. The Corporation granted 11,050 Performance Share Units (“PSUs”) to senior executives of COGECO Inc. as senior executives of Cogeco Cable and charged COGECO Inc. an amount of $17,000 with regards to the Corporation’s PSUs granted to these senior executives.

Under the Management Agreement, the Corporation pays monthly fees equal to 2% of its total revenue to COGECO Inc. for the above-mentioned services. The management fees are subject to annual upward adjustment based on increases in the Consumer Price Index in Canada. This limit can be increased under certain circumstances upon request to that effect by COGECO Inc. For fiscal year 2015, management fees have been set at a maximum of $9.9 million ($9.7 million in 2014), which were fully paid in the first quarter. For fiscal year 2014, management fees were fully paid in the first half of the year. In addition, the Corporation reimburses COGECO Inc.’s out-of-pocket expenses incurred with respect to services provided to the Corporation under the Management Agreement.

Details regarding the Management Agreement and stock options and ISUs granted to COGECO Inc.’s senior executives are provided in the Corporation’s 2014 Annual Report. Details regarding the new PSU Plan are provided in Note 10 of the condensed interim consolidated financial statements.

There were no other material related party transactions during the periods covered.

CASH FLOW ANALYSIS

Quarters ended November 30, *(in thousands of dollars)*	**2014** **$**	2013 $
Cash flow from operations	**167,822**	153,264
Changes in non-cash operating activities	**(129,941)**	(86,704)
Amortization of deferred transaction costs and discounts on long-term debt	**(2,018)**	(1,842)
Income taxes paid	**(20,350)**	(18,304)
Current income taxes	**17,244**	26,553
Financial expense paid	**(46,363)**	(42,406)
Financial expense	**35,728**	32,549
Cash flow from operating activities	**22,122**	63,110
Cash flow from investing activities	**(102,750)**	(84,660)
Cash flow from financing activities	**31,459**	8,307
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**1,630**	199
Net change in cash and cash equivalents	**(47,539)**	(13,044)
Cash and cash equivalents, beginning of the period	**63,831**	39,575
Cash and cash equivalents, end of the period	**16,292**	26,531

OPERATING ACTIVITIES

Fiscal 2015 first-quarter cash flow from operating activities reached $22.1 million compared to $63.1 million, a decrease of $41.0 million, or 64.9%, compared to fiscal 2014 first-quarter. The decrease is mainly explained by the increases of $43.2 million in non-cash operating activities mainly as a result of a higher decrease in trade and other payables compared to the same period of last year and combined with an increase of $4.0 million in financial expense paid, partly offset by the improvement of adjusted EBITDA of $7.3 million.

For the three-month period ended November 30, 2014, cash flow from operations amounted to $167.8 million compared to $153.3 million for the comparable period in fiscal 2014, representing an increase of $14.6 million, or 9.5%, mainly explained by the increase of $7.3 million of adjusted EBITDA and the decrease of $9.3 million of current income taxes, partly offset by the increase of $3.2 million in financial expense.

INVESTING ACTIVITIES

For the three-month period ended November 30, 2014, investing activities amounted to $102.8 million compared to $84.7 million for the comparable period of fiscal 2014, mainly due to the acquisitions of property, plant and equipment, intangible and other assets as explained below.

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

Investing activities, including acquisition of property, plant and equipment segmented according to the *National Cable Television Association* ("NCTA") standard reporting categories, are as follows:

Quarters ended November 30, *(in thousands of dollars)*	**2014** **$**	2013 $
Customer premise equipment(1)	**35,332**	25,317
Scalable infrastructure(2)	**13,777**	19,800
Line extensions	**10,030**	5,297
Upgrade / Rebuild	**4,196**	5,306
Support capital	**7,446**	3,981
Acquisition of property, plant and equipment - Cable services	**70,781**	59,701
Acquisition of property, plant and equipment - Enterprise data services	**28,635**	21,272
Acquisitions of property, plant and equipment	**99,416**	80,973
Acquisition of intangible and other assets - Cable services	**3,238**	3,678
Acquisition of intangible and other assets - Enterprise data services	**229**	438
Acquisitions of intangible and other assets	**3,467**	4,116
	102,883	85,089

(1) Includes mainly home terminal devices as well as new and replacement drops.
(2) Includes mainly head-end equipment, digital video and telephony transport as well as HSI equipment.

For the three-month period ended November 30, 2014, acquisition of property, plant and equipment in the Canadian and American cable services segments amounted to $70.8 million compared to $59.7 million for the comparable period of fiscal 2014, of which $49.0 million came from the Canadian cable services segment compared to $48.8 million for the comparable period of the prior and $21.7 million came from the American cable services segment compared to $10.9 million for the same period of fiscal 2014.

The increases in the Canadian and American cable services segments are mainly attributable to the following factors:

- In the Canadian cable services segment, the increase in acquisition of property, plant and equipment during the three-month period ended November 30, 2014 was mainly due to additional customer premise equipment for the launch of TiVo digital advanced television services on November 3, 2014 in Ontario, partly offset by capital expenditures decreases due to the timing of certain initiatives; and
- In the American cable services segment, the increase in acquisition of property, plant and equipment during the three-month period ended November 30, 2014 was mainly due to additional customer premise equipment resulting from the launch in fiscal 2014 of TiVo's digital advanced television and the PSU growth combined with the increase in scalable infrastructure to extend and improve network capacity in the areas served.

During fiscal 2015 first-quarter, acquisition of property, plant and equipment in the Enterprise data services segment amounted to $28.6 million compared to $21.3 million for the same period of fiscal 2014. The increase is mainly due to the construction by Cogeco Data Services of all remaining pods (pods 2, 3 and 4) at the Barrie, Ontario data centre as well as the expansion of its data centre footprint with the initial construction of a new data centre in Montréal, Québec.

Acquisition of intangible and other assets are mainly attributable to reconnect and additional service activation costs as well as other customer acquisition costs. For the first quarter of fiscal 2015, the acquisition of intangible and other assets amounted to $3.5 million compared to $4.1 million for the same period last year due to lower reconnect activities in the Canadian cable services segment.

FREE CASH FLOW AND FINANCING ACTIVITIES

For the first quarter of fiscal 2015, free cash flow amounted to $64.9 million, representing a decrease of $3.2 million compared to fiscal 2014. This decrease is mainly due to the increase of $18.4 million in acquisitions of property, plant and equipment and of $3.2 million in financial expense, partly offset by the increase of $7.3 million of adjusted EBITDA.

In the first quarter of fiscal 2015, a higher Indebtedness level resulted in a cash increase of $54.1 million mainly due to the increases of $51.1 million of the revolving facilities and of $19.7 million in bank indebtedness, partly offset by the repayments of $16.7 million of long-term debt. In the first quarter of fiscal 2014, a higher indebtedness level resulted in a cash increase of $27.8 million mainly due to the increase of $33.3 million of the Term Revolving Facility and the decrease of $4.2 million in bank indebtedness.

During the first quarter of fiscal 2015, a quarterly eligible dividend of $0.35 per share was paid to the holders of subordinate and multiple voting shares, totaling $17.1 million, compared to a a quarterly eligible dividend paid of $0.30 per share, or $14.6 million in the first quarter of fiscal 2014.

At November 30, 2014, the Corporation had a working capital deficiency of $379.7 million compared to $267.6 million at August 31, 2014. The $112.2 million deficiency increase is mainly due to the increase of $209.1 million in the current portion of long-term debt as a result of the US $190 million Senior Secured Notes Series A maturing in October 2015 and the decrease of $47.5 million in cash and cash equivalents, partly offset by the decrease of $134.9 million in trade and other payables and the increase of $17.7 million in derivative financial instruments asset related to the cross-currency swap on the Senior Secured Notes Series A. As part of the usual conduct of its business, Cogeco Cable maintains a working capital deficiency due to a low level of accounts receivable since a large proportion of the Corporation's customers pay before their services are rendered, unlike trade and other payables, which are usually paid after products are delivered or services are rendered, thus enabling the Corporation to use cash and cash equivalents to reduce Indebtedness.

At November 30, 2014, the Corporation had used $266.4 million of its $800 million amended and restated Term Revolving Facility for a remaining availability of $533.6 million. In addition, two subsidiaries of the Corporation also benefit from a Revolving Facility of $171.6 million (US$150 million), of which $47.1 million (US$41.2 million) was used at November 30, 2014 for a remaining availability of $124.5 million (US$108.8 million).

FINANCIAL POSITION

Since August 31, 2014, the following balances have changed significantly: "cash and cash equivalents", “property, plant and equipment”, "intangible assets", “goodwill”, “trade and other payables”, “current portion of long-term debt” and "long-term debt".

Cash and cash equivalent decreased by $47.5 million mainly due to the decrease of $134.9 million in trade and other payables related to the timing of payments made to suppliers. Property, plant and equipment and intangible assets increased by $19.1 million and $30.2 million, respectively, due to the appreciation of the US dollar and British Pound currency against the Canadian dollar, partly offset by the depreciation and amortization expense exceeding acquisitions . Goodwill increased by $43.1 million as a result of the US dollar and the British Pound currency appreciation against the Canadian dollar during the first three months of fiscal 2015. The increase of $209.1 million in the current portion of long-term debt is mainly due to the US$190 million Senior Secured Notes Series A maturing in October 2015. The decrease of $82.2 million in long-term debt is mainly due to the increase in the current portion of long-term debt, partly offset by the timing of suppliers payments and the appreciation of the US dollar and British Pound currency appreciation against the Canadian dollar.

OUTSTANDING SHARE DATA

A description of Cogeco Cable's share data at December 31, 2014 is presented in the table below. Additional details are provided in Note 10 of the condensed interim consolidated financial statements.

	Number of shares/options	Amount (in thousands of dollars)
Common shares		
Multiple voting shares	15,691,100	$ 98,346
Subordinate voting shares	33,415,764	$ 912,111
Options to purchase subordinate voting shares		
Outstanding options	884,789	
Exercisable options	348,647	

FINANCING

In the normal course of business, Cogeco Cable has incurred financial obligations, primarily in the form of long-term debt, operating and finance leases and guarantees. Cogeco Cable's obligations, as reported in the 2014 Annual Report, have not materially changed since August 31, 2014.

FINANCIAL MANAGEMENT

The Corporation is exposed to interest rate risks for both fixed and floating interest rate instruments. Interest rate fluctuations will have an effect on the valuation and collection or repayment of these instruments. At November 30, 2014, all of the Corporation's long-term debt was at fixed rate, except for the Corporation's Term Revolving Facility and First Lien Credit Facilities. To mitigate such risk, the Corporation entered on July 22, 2013 into interest rate swap agreements.

The following table shows the interest rate swaps outstanding at November 30, 2014:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US$200 million	US Libor base rate	0.39625%	July 25, 2015	US$70.5 million of Term Revolving Facility US$129.5 million of Term Loan A Facility

The sensitivity of the Corporation's annual financial expense to a variation of 1% in the interest rate applicable to these facilities is approximately $4.1 million based on the current debt at November 30, 2014.

In addition, the Corporation is exposed to foreign exchange risk related to its long-term debt denominated in US dollars that is not designated as a hedge on its US dollar net investments. In order to mitigate this risk, the Corporation has established guidelines whereby cross-currency swap agreements can be used to fix the exchange rates applicable to its US dollar denominated long-term debt. All such agreements are exclusively used for hedging purposes. Accordingly, on October 2, 2008, Cogeco Cable entered into a cross-currency swap agreements to set the liability for interest and principal payments on its Senior Secured Notes Series A.

The following table shows the cross-currency swaps outstanding at November 30, 2014:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Exchange rate	Hedged item
Cash fllow	US$190 million	7.00% USD	7.24% CAD	October 1, 2015	1.0625	US$190 million Senior Secured Notes Series A

The impact of a 10% change in the exchange rate of the US dollar and British Pound into Canadian dollars would change financial expense by approximately $6.3 million based on the outstanding debt at November 30, 2014.

Furthermore, the Corporation's investments in foreign operations is exposed to market risk attributable to fluctuations in foreign currency exchange rates, primarily changes in the values of the Canadian dollar versus the US dollar and British Pound. This risk was mitigated since the major part of the purchase prices for Atlantic Broadband and Peer 1 Hosting were borrowed directly in US dollars and British Pounds.

The following table shows the investments in foreign operations outstanding at November 30, 2014:

Type of hedge	Notional amount of debt	Aggregate investments	Hedged item
Net investment	US$860.5 million	US$1.1 billion	Net investment in foreign operations in US dollar
Net investment	£55.9 million	£62.2 million	Net investment in foreign operations in British pound

The exchange rate used to convert the US dollar currency and British Pound currency into Canadian dollar for the statement of financial position accounts at November 30, 2014 was $1.1440 per US dollar and $1.7890 per British Pound. The impact of a 10% change in the exchange rate of the US dollar and British Pound into Canadian dollars would change other comprehensive income by approximately $28.2 million.

For the three-month period ended November 30, 2014, the average rates prevailing used to convert the operating results of the American cable services and a portion of the Enterprise data services were as follows:

Quarters ended November 30,	**2014**	2013	Change
	$	$	%
US dollar vs Canadian dollar	**1.1184**	1.0399	7.5
British Pound vs Canadian dollar	**1.7939**	1.6670	7.6

The following tables highlight in Canadian dollars, the impact of a 10% increase in the US dollar or British Pound against the Canadian dollar as the case may be, of Cogeco Cable's operating results for the three-month period ended November 30, 2014:

	Canadian cable services		American cable services		Enterprise data services	
Quarter ended November 30, 2014	As reported	Exchange rate impact	As reported	Exchange rate impact	As reported	Exchange rate impact
(in thousands of dollars)	$	$	$	$	$	$
Revenue	**315,222**	**—**	**106,571**	**10,657**	**75,960**	**3,736**
Operating expenses	**155,391**	**645**	**59,734**	**5,973**	**49,963**	**2,785**
Adjusted EBITDA	**159,831**	**(645)**	**46,837**	**4,684**	**25,997**	**951**
Acquisitions of property, plant and equipment, intangible and other assets	**51,697**	**3,745**	**22,322**	**2,234**	**28,864**	**405**

DIVIDEND DECLARATION

At its January 13, 2015 meeting, the Board of Directors of Cogeco Cable declared a quarterly eligible dividend of $0.35 per share for multiple voting and subordinate voting shares, payable on February 10, 2015, to shareholders of record on January 27, 2015. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

SEGMENTED OPERATING RESULTS

The Corporation reports its operating results in three operating segments: Canadian cable services, American cable services and Enterprise data services. The reporting structure reflects how the Corporation manages the business activities to make decisions about resources to be allocated to the segment and to assess its performance.

CANADIAN CABLE SERVICES

CUSTOMER STATISTICS

		Net additions (losses) Quarters ended November 30,		% of penetration[1] November 30,	
	November 30, 2014	**2014**	2013	**2014**	2013
PSU[2]	**1,951,317**	**5,295**	(4,620)		
Television service customers	**789,686**	**(7,479)**	(7,122)	**46.8**	49.3
HSI service customers	**692,911**	**13,327**	6,920	**41.1**	39.8
Telephony service customers	**468,720**	**(553)**	(4,418)	**27.8**	28.6

(1) As a percentage of homes passed.
(2) Represents the sum of Television, HSI and Telephony service customers.

Fiscal 2015 first-quarter PSU net additions amounted to 5,295 compared to PSU net losses of 4,620 for the same period of last year, mainly as a result of additional HSI services, partly offset by a higher decrease in the Television services. For the first quarter of fiscal 2015, net customer losses for Television service stood at 7,479 compared to 7,122 for the same period of fiscal 2014. Television service customer net losses are mainly due to the promotional offers of competitors for the video service, service category maturity and the expansion of IPTV footprint of competitors. For the first quarter of fiscal 2015, net additions for HSI service customers stood at 13,327 compared to 6,920 for the comparable period of fiscal 2014. HSI net additions continue to stem from the enhancement of the product offering, the impact of bundle offers of Television, HSI and Telephony services, promotional activities and the growth in the business sector. Net losses for the Telephony service amounted to 553 for the first quarter of fiscal 2015, compared to 4,418 for the same period of prior year mainly attributable to the increasing mobile penetration rate in North America and various unlimited offers launched by mobile operators causing customers to cancel their landline Telephony services for mobile telephony services only.

Furthermore, at November 30, 2014, 70% (68% in 2013) of the Canadian cable services customers subscribed to two or more services. The distribution of customers by number of services for the Canadian cable services were: 30% who subscribe to the single play (32% in 2013), 34% to the double play (32% in 2013) and 36% to the triple play (36% in 2013).

OPERATING RESULTS

Quarters ended November 30, *(in thousands of dollars, except percentages)*	**2014** **$**	2013 $	Change %
Revenue	**315,222**	309,519	1.8
Operating expenses	**155,391**	155,173	0.1
Adjusted EBITDA	**159,831**	154,346	3.6
Operating margin	**50.7%**	49.9%	

REVENUE

Fiscal 2015 first-quarter revenue increased by $5.7 million, or 1.8%, to reach $315.2 million, compared to the same period last year. Revenue increase is mainly attributable to a rate increase implemented in April 2014 in Quebec and Ontario and PSU growth.

OPERATING EXPENSES

For the first quarter ended November 30, 2014, operating expenses remained essentially the same at $155.4 million compared to $155.2 million last year, mainly as a result of additional marketing initiatives related to the launch of TiVo digital advanced television services on November 3, 2014 in Ontario, mostly offset by costs reduction initiatives and restructuring activities in fiscal 2014.

ADJUSTED EBITDA AND OPERATING MARGIN

Fiscal 2015 first-quarter adjusted EBITDA amounted to $159.8 million, or 3.6% higher than in the same period of the prior year, mainly as result of revenue growth exceeding operating expenses. Consequently, operating margin increased compared to fiscal 2014 first-quarter from 49.9% to 50.7%.

AMERICAN CABLE SERVICES

CUSTOMER STATISTICS

		Net additions (losses) Quarters ended November 30,		% of penetration[1] November 30,	
	November 30, 2014	**2014**	2013	**2014**	2013
PSU[2]	**501,955**	**5,793**	1,895		
Television service customers	**224,943**	**(986)**	(1,971)	**43.5**	44.5
HSI service customers	**195,077**	**5,208**	3,532	**37.7**	34.9
Telephony service customers	**81,935**	**1,571**	334	**15.8**	15.2

(1) As a percentage of homes passed.
(2) Represents the sum of Television, HSI and Telephony service customers.

Fiscal 2015 first-quarter PSU net additions amounted to 5,793 compared to 1,895 for the same period of the prior year. Net customer losses for the Television service stood at 986 for the first quarter of fiscal 2015 compared to 1,971 for the same period of last year as a result of competitive offers in the industry, partly offset by the deployment of TiVo's digital advanced television services during the first quarter of fiscal 2014. For the first quarter of fiscal 2015, net customer additions for HSI service amounted to 5,208 compared to 3,532 for the same period of the prior year mainly due to the launch of TiVo's services, additional marketing initiatives which focused on bundle package offerings, thus increasing overall demand for the HSI residential services as well as increased commercial HSI customers. The net customer additions for Telephony service stood at 1,571 for the three-month period ended November 30, 2014, compared to 334 for the same period in fiscal 2014.

Furthermore, as at November 30, 2014, 59% (60% in 2013) of the American cable services customers subscribed to two or more services. The distribution of customers by number of services for the American cable services were: 41% who subscribe to the single play (40% in 2013), 38% to the double play (38% in 2013) and 21% to the triple play (22% in 2013).

OPERATING RESULTS

Quarters ended November 30, *(in thousands of dollars, except percentages)*	**2014** **$**	2013 $	Change %
Revenue	**106,571**	92,549	15.2
Operating expenses	**59,734**	50,019	19.4
Adjusted EBITDA	**46,837**	42,530	10.1
Operating margin	**43.9%**	46.0%	

REVENUE

Fiscal 2015 first-quarter revenue increased by $14.0 million, or 15.2%, to reach $106.6 million compared to the same period last year. Revenue increased due to the PSU growth, rate increases implemented during the first quarter of fiscal 2015 as well as favorable foreign exchange rates compared to the same period last year.

For the first quarter of fiscal 2015, revenue in local currency amounted to US$95.3 million compared to US$89.0 million for the same period last year.

OPERATING EXPENSES

Fiscal 2015 first-quarter operating expenses amounted to $59.7 million, an increase of 19.4% compared to the same period last year. The increase is mainly attributable to additional PSU, significant increases in programming costs, the deployment of TiVo digital advanced television services, marketing initiatives to improve PSU growth as well as the appreciation of the US dollar over the Canadian dollar.

Operating expenses in local currency for the first quarter of fiscal 2015 amounted to US$53.4 million compared to US$48.1 million for the comparable period of last year.

ADJUSTED EBITDA AND OPERATING MARGIN

Fiscal 2015 first-quarter adjusted EBITDA increased by 10.1% to reach $46.8 million compared to last year as a result of the factors previously discussed. As a result of operating expenses growth exceeding revenue growth, operating margin for the three-month period ended November 30, 2014 decreased to 43.9% from 46.0% for the comparable period of the prior year.

Fiscal 2015 first-quarter adjusted EBITDA in local currency amounted to US$41.9 million compared to US$40.9 million for the same period last year.

ENTERPRISE DATA SERVICES

Quarters ended November 30, *(in thousands of dollars, except percentages)*	**2014** **$**	2013 $	Change %
Revenue	**75,960**	73,372	3.5
Operating expenses	**49,963**	45,481	9.9
Adjusted EBITDA	**25,997**	27,891	(6.8)
Operating margin	**34.2%**	38.0%	

OPERATING RESULTS

REVENUE

Fiscal 2015 first-quarter revenue increased by $2.6 million, or 3.5%, to reach $76.0 million, compared to the same period last year as a result of the appreciation of the US dollar and the British Pound against the Canadian dollar for our foreign operations. In addition, the increase over the period would have been higher without some revenue recorded in the fiscal 2014 first and second quarters, which were subsequently reversed through billing adjustments and credit notes in the second half of fiscal 2014 as a result of the application of more rigorous controls as a part of the certification process.

OPERATING EXPENSES

For the first quarter of fiscal 2015 operating expenses increased by $4.5 million, to $50.0 million as a result of the appreciation of the US dollar and the British Pound against the Canadian dollar, higher labour and benefits costs and higher various infrastructure support costs.

ADJUSTED EBITDA AND OPERATING MARGIN

As a result of operating expenses growth exceeding the increase in revenue, fiscal 2015 first-quarter adjusted EBITDA decreased by $1.9 million, or 6.8%, to reach $26.0 million compared to the same period of the prior year. Consequently, operating margin decreased to 34.2% from 38.0% in the first quarter compared to fiscal 2014.

CONTROLS AND PROCEDURES

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), together with Management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. Cogeco Cable's internal control framework is based on the criteria published in the updated version released in May 2013 of the report *Internal Control Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*.

At August 31, 2014, Management disclosed the existence of a material weakness in ICFR at Peer1 Hosting. A material weakness in ICFR exists if there is a deficiency or combination of deficiencies in ICFR such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The deficiencies in ICFR at Peer1 Hosting related mainly to the financial statement close process and inadequate segregation of duties over certain information system access controls. Since then, the material weakness previously identified has now been addressed and corrected. Several detailed review and monitoring processes have been implemented to facilitate and enhance proper oversight over operations. Furthermore, access rights were reviewed and adjusted accordingly to reflect proper segregation of duties.

The CEO and CFO, supported by Management, evaluated the design of the Corporation's DC&P and ICFR at November 30, 2014, and concluded that they are adequate. Furthermore, except as explained above, no significant changes to the internal controls over financial reporting occurred during the quarter ended November 30, 2014.

UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Cable can be found in the 2014 Annual Report, available at <www.sedar.com> and <www.cogeco.ca>. There has been no significant change in the uncertainties and main risk factors faced by the Corporation since August 31, 2014.

FUTURE ACCOUNTING DEVELOPMENTS IN CANADA

A number of new standards, interpretations and amendments to existing standards issued by the International Accounting Standards Board ("IASB") are effective for annual periods starting on or after January 1, 2014 and have been applied in preparing the condensed interim consolidated financial statements for the three-month period ended November 30, 2014.

NEW ACCOUNTING STANDARDS

The following standards issued by the IASB were adopted by the Corporation on September 1, 2014 and had no effect on the financial performance of the Corporation:

- Amendments to IAS 19 *Defined Benefits Plans: Employee Contributions* which applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- IFRIC 21 *Levies* which sets out the accounting for an obligation to pay a levy that is not income taxes. The interpretation addresses what an obligating event is that gives rise to pay a levy and when should a liability be recognized.

CHANGES IN CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There has been no significant change in Cogeco Cable's accounting policies, estimates and future accounting pronouncements since August 31, 2014. A description of the Corporation's policies and estimates can be found in the 2014 Annual Report, available on the SEDAR website at www.sedar.com or on the Corporation's website at www.cogeco.ca.

NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Cable throughout this MD&A. It also provides reconciliations between these non-IFRS measures and the most comparable IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. These measures include “cash flow from operations”, “free cash flow”, “adjusted EBITDA”, “operating margin” and "capital intensity".

CASH FLOW FROM OPERATIONS AND FREE CASH FLOW

Cash flow from operations is used by Cogeco Cable’s management and investors to evaluate cash flows generated by operating activities, excluding the impact of changes in non-cash operating activities, amortization of deferred transaction costs and discounts on long-term debt, income taxes paid, current income taxes, financial expense paid and financial expense. This allows the Corporation to isolate the cash flows from operating activities from the impact of cash management decisions. Cash flow from operations is subsequently used in calculating the non-IFRS measure, “free cash flow”. Free cash flow is used, by Cogeco Cable’s management and investors, to measure its ability to repay debt, distribute capital to its shareholders and finance its growth.

The most comparable IFRS measure is cash flow from operating activities. Cash flow from operations is calculated as follows:

Quarters ended November 30,	**2014**	2013
(in thousands of dollars)	**$**	$
Cash flow from operating activities	**22,122**	63,110
Changes in non-cash operating activities	**129,941**	86,704
Amortization of deferred transaction costs and discounts on long-term debt	**2,018**	1,842
Income taxes paid	**20,350**	18,304
Current income taxes	**(17,244)**	(26,553)
Financial expense paid	**46,363**	42,406
Financial expense	**(35,728)**	(32,549)
Cash flow from operations	**167,822**	153,264

Free cash flow is calculated as follows:

Quarters ended November 30,	**2014**	2013
(in thousands of dollars)	**$**	$
Cash flow from operations	**167,822**	153,264
Acquisition of property, plant and equipment	**(99,416)**	(80,973)
Acquisition of intangible and other assets	**(3,467)**	(4,116)
Free cash flow	**64,939**	68,175

ADJUSTED EBITDA AND OPERATING MARGIN

Adjusted EBITDA and operating margin are benchmarks commonly used in the telecommunications industry, as they allow comparisons with companies that have different capital structures and are more current measures since they exclude the impact of historical investments in assets. Adjusted EBITDA evolution assesses Cogeco Cable's ability to seize growth opportunities in a cost-effective manner, to finance its ongoing operations and to service its debt. Adjusted EBITDA is a proxy for cash flow from operations. Consequently, adjusted EBITDA is one of the key metrics used by the financial community to value the business and its financial strength. Operating margin is calculated by dividing adjusted EBITDA by revenue.

The most comparable IFRS financial measure is profit for the period. Adjusted EBITDA and operating margin are calculated as follows:

Quarters ended November 30,	**2014**	2013
(in thousands of dollars, except percentages)	**$**	$
Profit for the period	**56,709**	49,698
Income taxes	**11,830**	13,273
Financial expense	**35,728**	32,549
Depreciation and amortization	**114,593**	115,754
Integration, restructuring and acquisitions costs	**—**	248
Adjusted EBITDA	**218,860**	211,522
Revenue	**497,001**	474,980
Operating margin	**44.0%**	44.5%

CAPITAL INTENSITY

Capital intensity is used by Cogeco Cable's management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue. Capital intensity ratio is defined as amount spent for acquisitions of property, plant and equipment, intangible and other assets divided by revenue.

Capital intensity is calculated as follows:

Quarters ended November 30,	**2014**	2013
(in thousands of dollars, except percentages)	**$**	$
Acquisition of property, plant and equipment	**99,416**	80,973
Acquisition of intangible and other assets	**3,467**	4,116
Total capital expenditures	**102,883**	85,089
Revenue	**497,001**	474,980
Capital intensity	**20.7%**	17.9%

SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Quarters ended	November 30,		August 31,		May 31,		February 28,	
(in thousands of dollars, except percentages and per share data)	**2014**	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$
Revenue	**497,001**	474,980	490,155	470,386	496,448	464,497	486,008	429,672
Adjusted EBITDA	**218,860**	211,522	230,830	222,539	229,389	215,182	221,616	195,826
Operating margin	**44.0%**	44.5%	47.1%	47.3%	46.2%	46.3%	45.6%	45.6%
Impairment of property, plant and equipment	**—**	—	3,296	—	32,197	—	—	—
Income taxes	**11,830**	13,273	16,272	11,159	8,801	18,411	14,838	15,821
Profit for the period	**56,709**	49,698	63,848	43,870	35,514	48,079	60,381	50,833
Profit for the period attributable to owners of the Corporation	**56,709**	49,698	63,848	43,870	35,514	47,877	60,381	51,035
Cash flow from operating activities	**22,122**	63,110	329,195	228,230	184,435	166,976	181,628	150,084
Cash flow from operations	**167,822**	153,264	187,276	161,581	175,595	155,868	174,013	140,401
Acquisitions of property, plant and equipment, intangible and other assets	**102,883**	85,089	165,125	108,095	84,452	112,841	80,806	104,433
Free cash flow	**64,939**	68,175	22,151	53,486	91,143	43,027	93,207	35,968
Capital intensity	**20.7%**	17.9%	33.7%	23.0%	17.0%	24.3%	16.6%	24.3%
Earnings per share(1)								
Basic	**1.16**	1.02	1.31	0.90	0.73	0.98	1.24	1.05
Diluted	**1.15**	1.01	1.30	0.89	0.72	0.98	1.23	1.04

(1) Per multiple and subordinate voting share.

SEASONAL VARIATIONS

Cogeco Cable's operating results are not generally subject to material seasonal fluctuations except as follows. In the Canadian and American cable services segments, the number of customers in the Television services and HSI services are generally lower in the second half of the fiscal year as a result of a decrease in economic activity due to the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Cable offers its services in several university and college towns such as Kingston, Windsor, St.Catharines, Hamilton, Peterborough, Trois-Rivières and Rimouski in Canada and in the Pennsylvania region, and to a lesser extent in South Carolina, Maryland and Delaware in United States. In the American cable services segment, Miami region is also subject to seasonal fluctuations due to the winter season residents returning home from late spring through the fall. Furthermore, the second, third and fourth quarters' operating margins are usually higher as very low or no management fees are paid to COGECO Inc. Under the Management Agreement, Cogeco Cable pays a fee equal to 2% of its total revenue subject to a maximum amount. As the maximum amount was reached in the first quarter of fiscal 2015, Cogeco Cable will not pay any management fees for the remainder of the year. In fiscal 2014, as the maximum amount was paid in the first six months, Cogeco Cable paid no management fees in the second half of the year.

ADDITIONAL INFORMATION

This MD&A was prepared on January 13, 2015. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com or the Corporation's website at www.cogeco.ca.

/s/ Jan Peeters	/s/ Louis Audet
Jan Peeters	Louis Audet
Chairman of the Board	President and Chief Executive Officer

Cogeco Cable Inc.
Montréal, Québec
January 13, 2015