

## **Cogeco Cable Inc. reports strong fiscal 2013 financial results**

- ***Solid revenue and operating income before depreciation and amortization<sup>(1)</sup> increases in the fourth quarter and in fiscal year 2013, meeting revised financial guidelines***
- ***On target financial results from our recent acquisitions Atlantic Broadband and Peer 1 Network Enterprises Inc. ("PEER 1"); and***
- ***Quarterly dividend increase of 15.4%.***

**Montréal, October 30, 2013** – Today, Cogeco Cable Inc. (TSX: CCA) ("Cogeco Cable" or the "Corporation") announced its financial results for the fourth quarter and fiscal year 2013, ended August 31, 2013, in accordance with International Financial Reporting Standards ("IFRS").

For the fourth quarter and fiscal 2013, which include nine months operating results of Atlantic Broadband and seven months operating results of PEER 1:

- Fourth quarter revenue increased by 44.8% to reach \$470.4 million and by 32.5% for fiscal 2013 to close at \$1.7 billion compared to the same periods of the prior year;
- Operating income before depreciation and amortization increased by 38.3% to \$222.5 million when compared to the fourth quarter of fiscal 2012, and by 32.5% to \$780.5 million compared to the prior year. Operating income before depreciation and amortization increased for both periods mainly due to the acquisitions of Atlantic Broadband and PEER 1 (the "recent acquisitions") as well as the improvement in the financial results of the Canadian cable services segment;
- Operating margin<sup>(1)</sup> decreased to 47.3% from 49.5% in the quarter and remained the same at 46.1% in fiscal 2013 when compared to the same periods of the prior year as a result of lower margins from the business activities of PEER 1;
- Profit for the period from continuing operations amounted to \$43.9 million in the fourth quarter compared to \$45.7 million for the same period of the previous fiscal year. The decrease is mostly attributable to additional depreciation and amortization and financial expense both related to the recent acquisitions. It is partly offset by the operating income before depreciation and amortization improvement stemming from the Canadian cable services segment as well as the recent acquisitions combined with lower income tax expenses resulting from the recent acquisitions tax structure. For fiscal 2013, profit for the year from continuing operations amounted to \$185.1 million compared to \$169.5 million for fiscal 2012. Profit progression for the year is mostly attributable to the improvement in the operating income before depreciation and amortization generated by the Canadian cable services segment as well as the recent acquisitions, partly offset by additional depreciation and amortization, financial expense and acquisition costs all related to these acquisitions;
- Profit for the period amounted to \$43.9 million in the fourth quarter when compared to \$45.7 million for the same period of the previous fiscal year due to the factors previously described. For the year ended August 31, 2013, profit for the year amounted to \$185.1 million when compared to \$225.0 million for the same period of fiscal 2012. The decline for the year is attributable to the factors previously described and also due to last year's profit of \$55.4 million from the sale of the Portuguese subsidiary, Cabovisão - Televisão por Cabo, S.A. ("Cabovisão"), reported as discontinued operations in 2012;

(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's discussion and analysis ("MD&A").

- Free cash flow<sup>(1)</sup> reached \$53.6 million for the fourth quarter compared to \$2.6 million in the comparable quarter of the prior year. The increase for the period is mostly attributable to the improvement of operating income before depreciation and amortization as well as the decrease in acquisition of property, plant and equipment and current income taxes, partly offset by the increase in financial expense. Fiscal 2013 free cash flow amounted to \$149.8 million, compared to \$66.3 million in the same period of fiscal 2012. The increase for the year is mostly attributable to the improvement of operating income before depreciation and amortization and the decrease in current income taxes, partly offset by the increase in financial expense, the recent acquisition costs and the increase in acquisition of property, plant and equipment;
- A quarterly dividend of \$0.26 per share was paid to the holders of subordinate and multiple voting shares, an increase of \$0.01 per share, or 4%, compared to a dividend of \$0.25 per share paid in the fourth quarter of fiscal 2012. Dividends paid in fiscal 2013 totaled \$1.04 per share compared to \$1.00 per share in fiscal 2012;
- Fiscal 2013 fourth-quarter primary service units ("PSU")<sup>(2)</sup> decreased by 15,237 and increased by 5,546 for fiscal 2013. At August 31, 2013, consolidated PSU amounted to 2,465,780 of which 1,980,122 come from the Canadian cable services segment and 485,658 from the American cable services segment;
- On October 30 2013, Cogeco Cable declared an eligible dividend of \$0.30 per share, an increase of 15.4% when compared to the \$0.26 dividend per share paid in the fourth quarter of fiscal 2013;
- On June 27, 2013, Cogeco Cable completed, pursuant to a private placement, the issuance of US\$215 million Senior Secured Notes bearing interest at 4.30% payable semi-annually and maturing on June 16, 2025. The net proceeds from this offering along with drawings under the Corporation's credit facilities were used to repay, on July 29, 2013, all the outstanding amount of \$300 million Senior Secured Debentures Series 1, due on June 9, 2014;
- On July 22, 2013, the Corporation entered into interest rate swap agreements to fix the interest rate on US\$200 million of its LIBOR based loans. These agreements have the effect of converting the floating US LIBOR base rate at an average fixed rate of 0.39625% under its Term Revolving Facility until July 25, 2015; and
- On July 5, 2013, Cogeco Cable reduced its Term Revolving Facility from \$750 million to \$600 million and its Revolving Facility of its Secured Credit Facilities from \$240 million to \$190 million.

"Given the very competitive nature of our market, we are pleased with our strong fourth quarter and fiscal 2013 financial results," stated Louis Audet, President and Chief Executive Officer of Cogeco Cable Inc. "I am also satisfied to report that our two recent acquisitions, Atlantic Broadband and PEER 1, have delivered results in line with our expectations. With respect to our refinancing program, it has been completed during a period of historically low interest rates. With an average cost of indebtedness of 4.1%, as of August 31, 2013, and average maturities of 6.4 years, our focus going forward will be to reduce our leverage ratio (Indebtedness on EBITDA<sup>(3)</sup>) to 3 times by August 31, 2015. Continuing on our steady dividend growth history, the Board of Directors declared a dividend increase of [15.4%] or [\$0.04] per share," continued Mr. Audet.

"In August 2013, we announced the consolidation of our Canadian cable services operations under one business unit, *Cogeco Cable Canada*. This restructuring, which we will pursue in fiscal year 2014, will allow us to optimize efficiency in that very important business segment. With this restructuring and the continuation of the full integration of our two recent acquisitions, I am very confident that Cogeco Cable will continue on its growth path and deliver on its 2014 projections," concluded Louis Audet.

### **Fiscal 2014 Financial Guidelines**

Cogeco Cable revised its fiscal 2014 financial guidelines, as issued on July 10, 2013, as a result of certain adjustments related to the preliminary allocation of the purchase price of Atlantic Broadband and PEER 1. Please consult the "Fiscal 2014 financial guidelines" section of the Corporation's 2013 Annual Report for further details.

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

(3) The term EBITDA refers to Operating income before depreciation and amortization (see point 1 for more details).

# FINANCIAL HIGHLIGHTS

<i>per share data</i>	Quarters ended			Years ended		
	2013	2012	Change	2013	2012	Change
	\$	\$	%	\$	\$	%
<b>Operations</b>						
Revenue	<b>470,386</b>	324,768	44.8	<b>1,692,466</b>	1,277,698	32.5
Operating income before depreciation and amortization <sup>(1)</sup>	<b>222,489</b>	160,825	38.3	<b>780,523</b>	589,052	32.5
Operating margin <sup>(1)</sup>	<b>47.3%</b>	49.5%	—	<b>46.1%</b>	46.1%	—
Operating income	<b>103,681</b>	94,709	9.5	<b>376,239</b>	312,180	20.5
Profit for the period from continuing operations	<b>43,917</b>	45,705	(3.9)	<b>185,083</b>	169,517	9.2
Profit for the period from discontinued operations	—	—	—	—	55,446	—
Profit for the period	<b>43,917</b>	45,705	(3.9)	<b>185,083</b>	224,963	(17.7)
<b>Cash Flow</b>						
Cash flow from operating activities	<b>228,230</b>	203,343	12.2	<b>545,010</b>	450,386	21.0
Cash flow from operations <sup>(1)</sup>	<b>161,695</b>	126,946	27.4	<b>558,037</b>	441,686	26.3
Acquisitions of property, plant and equipment, intangible and other assets <sup>(2)</sup>	<b>108,095</b>	124,392	(13.1)	<b>408,202</b>	375,368	8.7
Free cash flow <sup>(1)</sup>	<b>53,600</b>	2,554	—	<b>149,835</b>	66,318	—
Capital intensity <sup>(1)</sup>	<b>23.0%</b>	38.3%	—	<b>24.1%</b>	29.4%	—
<b>Financial Condition</b>						
Property, plant and equipment	—	—	—	<b>1,854,155</b>	1,322,093	40.2
Total assets	—	—	—	<b>5,253,097</b>	2,908,079	80.6
Indebtedness <sup>(3)</sup>	—	—	—	<b>2,944,182</b>	1,069,112	—
Shareholder's equity	—	—	—	<b>1,344,092</b>	1,188,431	13.1
<b>Primary service units ("PSU") growth (decline)<sup>(4)</sup></b>	<b>(15,237)</b>	7,564	—	<b>5,546</b>	73,645	(92.5)
<b>Per Share Data<sup>(5)</sup></b>						
Earnings per share						
From continuing and discontinued operations						
Basic	<b>0.90</b>	0.94	(4.3)	<b>3.80</b>	4.62	(17.7)
Diluted	<b>0.90</b>	0.93	(3.2)	<b>3.78</b>	4.60	(17.8)
From continuing operations						
Basic	<b>0.90</b>	0.94	(4.3)	<b>3.80</b>	3.48	9.2
Diluted	<b>0.90</b>	0.93	(3.2)	<b>3.78</b>	3.46	9.2
From discontinued operations						
Basic	—	—	—	—	1.14	—
Diluted	—	—	—	—	1.13	—

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(2) Fiscal 2013 fourth-quarter and fiscal 2013 acquisitions of property, plant and equipment, intangible and other assets include assets acquired under finance lease of \$0.9 million that are excluded from the statements of cash flows.

(3) Indebtedness is defined as the total of bank indebtedness, principal on long-term debt, balance due on a business combination and obligations under derivative financial instruments.

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

(5) Per multiple and subordinate voting share.

# FORWARD-LOOKING STATEMENTS

Certain statements in this press release 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 2013 annual Management's Discussion and Analysis ("MD&A")) that could cause actual results to differ materially from what Cogeco Cable currently expects. These factors include 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 be 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 2013 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, 2013.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation, including its 2013 Annual Report and Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Corporation's 2013 Annual Report can also be found on: [www.cogeco.ca/cable/corporate/cca/investors/annual\\_report\\_en\\_2013.html](http://www.cogeco.ca/cable/corporate/cca/investors/annual_report_en_2013.html)

A copy of this press release with a more detailed summary of results can be found at [http://www.cogeco.ca/cable/corporate/files/press\\_releases\\_en/2013/CCA\\_Q4-2013\\_detailed\\_103013.pdf](http://www.cogeco.ca/cable/corporate/files/press_releases_en/2013/CCA_Q4-2013_detailed_103013.pdf)

## ABOUT COGECO CABLE

Cogeco Cable is a telecommunications corporation and is the 11<sup>th</sup> largest hybrid fibre coaxial cable operator in North America operating in Canada through its subsidiary Cogeco Cable Canada in Quebec and Ontario, and in the United States of America through its subsidiary Atlantic Broadband in Western Pennsylvania, South Florida, Maryland/Delaware and South Carolina. Its two-way broadband cable networks provide to its residential and small business customers Analogue and Digital Television, High Speed Internet and Telephony services. Through its subsidiary Cogeco Enterprise Services, the holding company of Cogeco Data Services and Peer 1 Network Enterprises, Cogeco Cable provides its commercial customers a suite of IT hosting, information and communications technology services (data centre, colocation, managed hosting, cloud infrastructure and connectivity), with 20 data centres, extensive fibre networks in Montreal and Toronto as well as points-of-presence in North America and Europe. Cogeco Cable's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA). For more information about Cogeco Cable and its subsidiaries visit [www.cogeco.ca](http://www.cogeco.ca), [cogecodata.com](http://cogecodata.com), [atlanticbb.com](http://atlanticbb.com), [peer1.com](http://peer1.com) and [peer1hosting.co.uk](http://peer1hosting.co.uk).

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**Analyst Conference Call:** **Thursday, October 31, 2013 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: **1 866-321-6651**

International Access Number: **+ 1 416-642-5212**  
Confirmation Code: **7376711**  
By Internet at [www.cogeco.ca/investors](http://www.cogeco.ca/investors)

A rebroadcast of the conference call will be available until November 7, 2013, by dialing:

Canada and United States access number: **1 888-203-1112**  
International access number: **+ 1 647-436-0148**  
Confirmation code: **7376711**