PRESS RELEASE
For immediate release

COGECO reports fiscal 2014 fourth-quarter financial results and increases its dividend

- ***Fourth-quarter revenue increased by $19.8 million, or 3.9%, to reach $524.5 million;***
- ***Profit for the period in the fourth quarter amounted to $59.2 million compared to $43.8 million in the comparable period of the previous fiscal year, an increase of 35.3%; and***
- ***Quarterly dividend increase of 15.9%.***

Montréal, October 31, 2014 – Today, COGECO Inc. (TSX: CGO) ("COGECO" or the "Corporation") announced its financial results for the fourth quarter and fiscal 2014, ended August 31, 2014, in accordance with International Financial Reporting Standards ("IFRS").

For the fourth quarter and fiscal 2014:

- Fourth-quarter revenue increased by $19.8 million, or 3.9%, to reach $524.5 million mainly driven by growth in the Cable and Enterprise data services segment through the organic growth from all of our operating segments as well as favorable foreign exchange rates in our foreign operations. Fiscal 2014 revenue reached $2.1 billion, an increase of $261.8 million, or 14.3%, mainly attributable to the full year impact of the acquisitions, in the Cable and Enterprise data services segment, of Atlantic Broadband and Peer 1 Hosting[(1)] ("the recent acquisitions") which both occurred during fiscal 2013 combined with the organic growth from all of our operating segments and the favorable foreign exchange rates in our foreign operations;

- Adjusted EBITDA[(2)] increased by 2.1% to $229.3 million compared to the fourth quarter of fiscal 2013, and by 13.7% to $908.3 million compared to the prior year. The progression for both periods resulted mainly from the recent acquisitions and the organic growth as well as the favorable foreign exchange rates from our foreign operations compared to the same period of last year;

- Profit for the period in the fourth quarter amounted to $59.2 million of which $15.8 million, or $0.94 per share, is attributable to owners of the Corporation compared to profit for the period of $43.8 million for the same period in fiscal 2013 of which $13.9 million, or $0.83 per share, is attributable to the owners of the Corporation. The increase is mostly attributable to the improvement of adjusted EBITDA combined with the decreases in integration, restructuring and acquisitions costs and in financial expense. Fiscal 2014 profit for the year amounted to $210.2 million of which $67.7 million, or $4.05 per share, is attributable to owners of the Corporation compared to profit of the year of $189.8 million of which $64.3 million, or $3.84 per share, is attributable to the owners of the Corporation in fiscal 2013. Profit for the year progression is mostly attributable to the improvement of the Cable and Enterprise data services segment's adjusted EBITDA stemming from the recent acquisitions and organic growth as well as the decreases in integration, restructuring and acquisitions costs and income taxes, partly offset by the impairment of property, plant and equipment which occurred in the third and fourth quarters of fiscal 2014 in the Cable and Enterprise data services segment as well as the increase in depreciation and amortization expense essentially related to the recent acquisitions;

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

(2) 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").

- Fourth-quarter free cash flow[(1)] decreased by $35.2 million to reach $18.1 million compared to $53.4 million in the comparable quarter of the prior year. The decrease for the period is mostly attributable to the increase in acquisition of property, plant and equipment due to the timing of certain initiatives that were delayed in the prior quarters of fiscal 2014, partly offset by the improvement of adjusted EBITDA combined with the decreases in integration, restructuring and acquisition costs and financial expense. Fiscal 2014 free cash flow increased by $123.2 million to reach $273.7 million compared to $150.5 million in fiscal 2013. The increase is mostly attributable to the improvement of adjusted EBITDA and the decrease in integration, restructuring and acquisition costs, partly offset by the increase in acquisitions of property, plant and equipment;

- Fiscal 2014 fourth-quarter cash flow from operating activities reached $332.2 million compared to $233.5 million, an increase of $98.8 million or 42.3%, compared to fiscal 2013 fourth quarter. For fiscal 2014, cash flow from operating activities reached $764.8 million compared to $552.2 million, an increase of $212.6 million, or 38.5%, compared to the same period in fiscal 2013. Both increases in the fourth quarter and fiscal 2014 are attributable to the improvement of adjusted EBITDA combined with the increase in non-cash operating activities and the decrease in financial expense paid, partly offset by the increase in income taxes paid;

- A quarterly eligible dividend of $0.22 per share was paid to the holders of subordinate and multiple voting shares, an increase of $0.03 per share, or 15.8%, compared to a dividend of $0.19 per share paid in the fourth quarter of fiscal 2013. Dividends paid in fiscal 2014 totaled $0.88 per share compared to $0.76 per share in fiscal 2013;

- On October 31, 2014, COGECO declared a quarterly eligible dividend of $0.255 per share, an increase of 15.9% when compared to the $0.22 dividend per share paid in the fourth quarter of fiscal 2014; and

- On August 27, 2014, the Corporation's subsidiary, Cogeco Cable Inc. ("Cogeco Cable"), completed, pursuant to a private placement, the issuance of US$25 million ($27.2 million) Senior Secured Notes Series A net of transaction costs of $0.1 million, for net proceeds of $27.1 million and of US$150 million ($163.4 million) Senior Secured Notes Series B net of transaction costs of $0.9 million, for net proceeds of $162.5 million. The Senior Secured Notes Series A bear interest at 4.14% per annum payable semi-annually and mature on September 1, 2024, and the Senior Secured Notes Series B bear interest at 4.29% per annum payable semi-annually and mature on September 1, 2026. The Senior Secured Notes Series A and B are redeemable at any time at Cogeco Cable's option, in whole or in part, at 100% of the principal amount plus a make-whole premium. These Notes are indirectly secured by a first priority fixed and floating charge and a security interest on substantially all present and future real and personal property and undertaking of every nature and kind of Cogeco Cable and certain of its subsidiaries.

"I'm happy to report that COGECO had an excellent year in fiscal 2014 with strong financial results driven by a focus on delivering sustainable and profitable growth. Through the successful execution of our operational objectives and effective cost control, we achieved continued solid growth and profitability, while further strengthening our ability to create value in the years ahead," stated Louis Audet, President & Chief Executive Officer of COGECO Inc.

"For Cogeco Cable Inc., fiscal 2014's solid performance was driven mainly by organic growth and effective cost control in our three operating segments, Canadian cable, American cable and Enterprise data services, as well as by the inclusion of a full year of results from Atlantic Broadband and Peer 1 Hosting, both of which were acquired during the course of fiscal 2013. Our ability to grow profitably despite intense competition from existing and new players, changing market dynamics and rapid technology advances reflects our capacity to adapt effectively and offer compelling services and solutions to our customers," continued Mr. Audet.

«Despite a slowdown in advertising spending in the second half of fiscal 2014, our Cogeco Diffusion subsidiary enjoyed a successful year thanks to solid audience ratings and tight cost management. Both our talk and music format radio stations continue to either perform well or increase their audience in a highly competitive environment. Our Cogeco Métromédia subsidiary extended its footprint with the addition of transit and underground properties in the Greater Montréal area," concluded Louis Audet.

Fiscal 2015 Financial Guidelines

COGECO revised its fiscal 2015 preliminary financial guidelines, as issued on July 9, 2014, to take into consideration non-cash items to be excluded from the calculation of the free cash flow. Please consult the "Fiscal 2015 financial guidelines" section of the Corporation's 2014 Annual Report for further details.

(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 MD&A.

FINANCIAL HIGHLIGHTS

(in thousands of dollars, except percentages and per share data)	Quarters ended			Years ended		
	August 31, 2014	August 31, 2013 [2]	Change	**August 31, 2014**	August 31, 2013 [2]	Change
	$	$	%	**$**	$	%
Operations						
Revenue	**524,523**	504,714	3.9	**2,096,038**	1,834,257	14.3
Adjusted EBITDA	**229,332**	224,608	2.1	**908,262**	798,642	13.7
Impairment of property, plant and equipment	**3,296**	—	—	**35,493**	—	—
Profit for the period	**59,229**	43,770	35.3	**210,170**	189,821	10.7
Profit for the period attributable to owners of the Corporation	**15,765**	13,869	13.7	**67,680**	64,260	5.3
Cash Flow						
Cash flow from operating activities	**332,218**	233,464	42.3	**764,770**	552,195	38.5
Cash flow from operations[1]	**184,781**	162,138	14.0	**693,909**	561,935	23.5
Acquisitions of property, plant and equipment, intangible and other assets[3]	**166,642**	108,756	53.2	**420,179**	411,422	2.1
Free cash flow	**18,139**	53,382	(66.0)	**273,730**	150,513	81.9
Financial Condition						
Property, plant and equipment				**1,852,270**	1,874,866	(1.2)
Total assets				**5,367,730**	5,348,627	0.4
Indebtedness[4]				**2,848,040**	3,054,275	(6.8)
Equity attributable to owners of the Corporation				**513,965**	456,905	12.5
Per Share Data[5]						
Earnings per share attributable to the owners of the Corporation						
Basic	**0.94**	0.83	13.3	**4.05**	3.84	5.5
Diluted	**0.94**	0.82	14.6	**4.02**	3.82	5.2

(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.

(2) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

(3) 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.

(4) Indebtedness is defined as the aggregate of bank indebtedness, principal on long-term debt, balance due on business combinations and obligations under derivative financial instruments.

(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'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 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 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 Management's Discussion and Analysis ("MD&A")) that could cause actual results to differ materially from what COGECO 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 press release should be read in conjunction with the MD&A included in the Corporation's 2014 Annual Report, the Corporation's consolidated financial statements and the notes thereto, prepared in accordance with the IFRS for the year ended August 31, 2014

RESULTS OVERVIEW

This analysis should be read in conjunction with the Corporation's 2014 Annual Report available on SEDAR at www.sedar.com or on the Corporation's website at www.cogeco.ca. Please refer to the Corporation's 2014 Annual Report for more details on the annual results.

FOURTH-QUARTER OPERATING RESULTS

OPERATING RESULTS

CONSOLIDATED

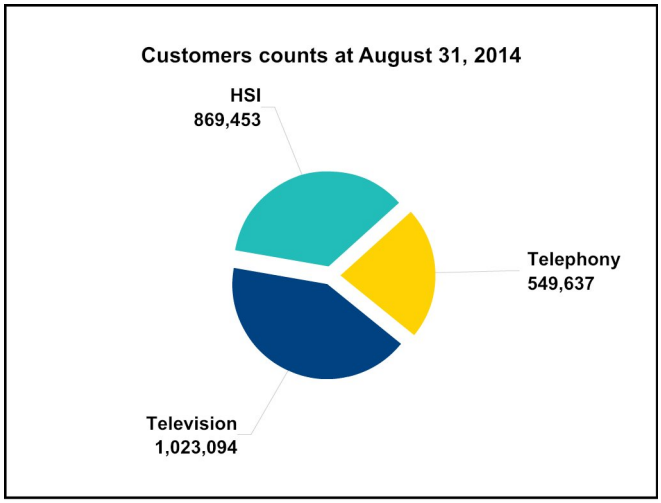
Quarters ended August 31,	**2014**	2013 (1)	Change
(in thousands of dollars, except percentages)	**$**	$	%
Revenue	**524,523**	504,714	3.9
Operating expenses	**295,191**	280,106	5.4
Adjusted EBITDA	**229,332**	224,608	2.1

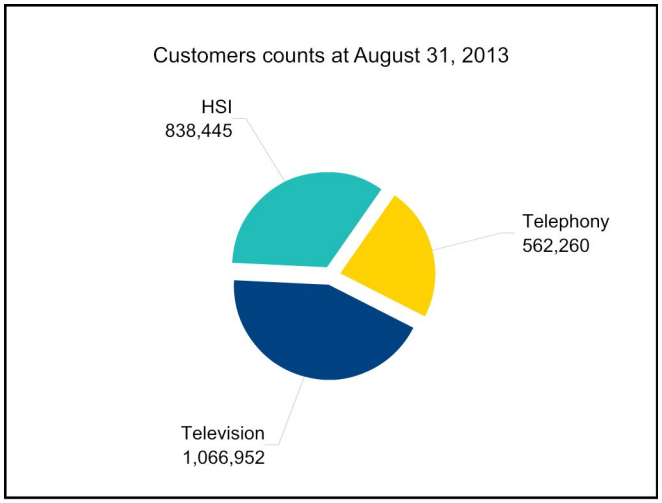
(1) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

Fiscal 2014 fourth-quarter consolidated revenue improved by $19.8 million, or 3.9%, to reach $524.5 million compared to $504.7 million for the prior year primarily due to the Cable and Enterprise data services segment and the revenue generated by the radio and out-of-home advertising activities. For the fourth quarter ended August 31, 2014, consolidated operating expenses increased by $15.1 million, or 5.4%, at $295.2 million compared to $280.1 million for the prior year mainly attributable to the Cable and Enterprise data services segment. As a result, consolidated adjusted EBITDA increased by $4.7 million, or 2.1%, to reach $229.3 million.

Cable and Enterprise data services segment's fiscal 2014 fourth-quarter consolidated revenue improved by $19.8 million, or 4.2%, to reach $490.2 million compared to $470.4 million for the prior year due to the organic growth from all its business units and the appreciation of the US dollar and the British Pound against the Canadian dollar from its foreign operations. For the fourth quarter ended August 31, 2014, consolidated operating expenses increased by $11.5 million, or 4.6%, at $259.3 million compared to $247.8 million for the prior year mainly due to favorable foreign exchange rates and the organic growth. As a result, consolidated adjusted EBITDA increased by $8.3 million, or 3.7%, to reach $230.8 million.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT CUSTOMER STATISTICS





	August 31, 2014			Net additions (losses) Quarters ended	
	Consolidated	**UNITED STATES**	**CANADA**	**August 31, 2014**	August 31, 2013
PSU	**2,442,184**	**496,162**	**1,946,022**	**(9,934)**	(13,360)
Television service customers	**1,023,094**	**225,929**	**797,165**	**(11,897)**	(12,333)
HSI service customers	**869,453**	**189,869**	**679,584**	**3,856**	1,097
Telephony service customers	**549,637**	**80,364**	**469,273**	**(1,893)**	(2,124)

Fiscal 2014 fourth-quarter PSU net losses stood at 9,934 compared to 13,360 in the comparable period of the prior year mainly as a result of service category maturity and competitive offers in the cable industry. In Canada, PSU decreased by 10,422 in the fourth quarter of fiscal 2014 compared to 12,021 in the comparable period of the prior year. In the United States PSU increased by 488 in the fourth quarter of fiscal 2014 compared to a decrease of 1,339 in the fourth quarter of fiscal 2013. Net customer losses for Television service customers stood at 11,897 compared to 12,333 for the same period of last year. Television service customer net losses are mainly due to promotional offers of competitors for the video service, service category maturity and the IPTV footprint growth from competitors, partly offset by the successful deployment of the TiVo digital advanced television platform in the United States with positive acceptance by our customers. Fiscal 2014 fourth-quarter HSI service customers grew by 3,856 compared to 1,097 in the fourth quarter of the prior year. HSI net additions continue to stem from the enhancement of the product offering, the impact of the bundled offer of Television, HSI and Telephony services and promotional activities. Telephony service customers net losses stood at 1,893 customers compared to 2,124 customers for the same period of last year.

CASH FLOW ANALYSIS

Quarters ended August 31,	**2014**	2013 [1]
(in thousands of dollars)	**$**	$
Operating activities		
Cash flow from operations	**184,781**	162,138
Changes in non-cash operating activities	**130,360**	58,644
Amortization of deferred transaction costs and discounts on long-term debt	**(2,049)**	(4,255)
Income taxes paid	**(10,380)**	(24,066)
Current income taxes	**13,792**	11,583
Financial expense paid	**(19,256)**	(20,850)
Financial expense	**34,970**	50,270
Cash flow from operating activities	**332,218**	233,464
Investing activities	**(165,489)**	(104,976)
Financing activities	**(133,536)**	(125,642)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies	**112**	1,304
Net change in cash and cash equivalents	**33,305**	4,150
Cash and cash equivalents, beginning of period	**30,526**	39,643
Cash and cash equivalents, end of period	**63,831**	43,793

(1) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

Fourth-quarter 2014 cash flow from operating activities reached $332.2 million compared to $233.5 million last year, an increase of $98.8 million , or 42.3%, primarily due to the improvement of adjusted EBITDA of $4.7 million, the decrease in income taxes paid of $13.7 million as well as the increase of $71.7 million in cash inflows from non-cash operating activities as a result of a higher increase in trade and other payables compared to the same period of the prior year.

Fourth-quarter 2014 cash flow from operations reached $184.8 million compared to $162.1 million last year, an increase of $22.6 million, or 14.0%, primarily due to the improvement of adjusted EBITDA of $4.7 million combined with the decrease of financial expense of $15.3 million as a result of a make-whole premium of $10.2 million on the early repayment by Cogeco Cable of the Senior Secured Debentures Series 1 which occurred in the fourth quarter of fiscal 2013.

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

For the quarter ended August 31, 2014, acquisition of property, plant and equipment amounted to $165.7 million compared to $103.8 million for the comparable period of fiscal 2013 mainly as a result of the following factors in the Cable and Enterprise data services segment:

- An increase in customer premise equipment mainly due to the launch in fiscal 2014 of TiVo's digital advanced television and the PSU growth in the United States as well as the acquisition of additional customer premise equipment occurred in the fourth quarter of fiscal 2014 in Canada in view of the launch of TiVo digital advanced television services planned for November 3, 2014 in Ontario and in Spring of fiscal 2015 in Québec;
- An increase in scalable infrastructure to extend and improve network capacity in the areas served;
- An increase in capital expenditures related to data centre facilities as a result of the initial construction by Cogeco Data Services of all remaining pods (pods 2, 3, 4) at the Barrie data centre; and
- A decrease in upgrade and rebuild due to the deployment in fiscal 2012 and early fiscal 2013 of advanced technologies such as DOCSIS 3.0 and SDV in existing areas served.

Acquisition of intangible and other assets are mainly attributable to reconnect and additional service activation costs as well as other customer acquisition costs. Fiscal 2014 fourth-quarter acquisition of intangible and other assets amounted to $1.0 million compared to $4.9 million for the fourth quarter of fiscal 2013 mainly due to lower reconnect activities in the cable operations in Canada.

FREE CASH FLOW AND FINANCING ACTIVITIES

Fourth-quarter 2014 free cash flow amounted to $18.1 million, a decrease of $35.2 million compared to $53.4 million in the fourth quarter of fiscal 2013, mainly as a result of the increase of $62.8 million in acquisitions of property, plant and equipment due to the timing of certain initiatives that were delayed in the three first quarters of fiscal 2014, partly offset by improvement of $4.7 million of adjusted EBITDA combined with the decreases of $15.3 million in financial expense and of $3.8 million in integration, restructuring and acquisition costs.

In the fourth quarter of fiscal 2014, Indebtedness level resulted in a cash decrease of $120.7 million, mainly due to the following reasons:

- the repayments of $242.2 million under the revolving facilities and of $58.0 million of long-term debt;
- the decrease of $10.0 million in bank indebtedness;
- the issuance, on August 27, 2014, in the Cable and Enterprise data services segment, of a private placement of $27.2 million (US$25 million) Senior Secured Notes Series A for net proceeds of $27.1 million, net of transaction costs of $0.1 million; and
- the issuance, on August 27, 2014, in the Cable and Enterprise data services segment, of a private placement of $164.3 million (US $150 million) Senior Secured Notes Series B for net proceeds of $162.5 million, net of transaction costs of $0.9 million.

In the fourth quarter of fiscal 2013, Indebtedness level resulted in a cash decrease of $110.5 million, mainly due to the issuance on June 27, 2013, of $225.3 million (US$215 million) Senior Secured Notes for net proceeds of $223.8 million, net of transaction costs of $1.5 million, offset by the repayment of the Senior Secured Debentures Series 1 of $300 million.

During the fourth quarter of fiscal 2014, a quarterly eligible dividend of $0.22 per share was paid to the holders of subordinate and multiple voting shares, totaling $3.7 million, when compared to a dividend paid of $0.19 per share, or $3.2 million in the fourth quarter of fiscal 2013.

FISCAL 2015 FINANCIAL GUIDELINES

COGECO revised its fiscal 2015 preliminary financial guidelines, as issued on July 9, 2014 with regards to free cash flow, to take into consideration non-cash items of approximately $10 million to be excluded from the calculation.

For fiscal 2015, COGECO expects revenue to reach $2.19 billion and adjusted EBITDA should reach $945 million, as a result of the Cable and Enterprise data services segment's 2015 guidelines and the projected results of the radio and out-of-home advertising activities. Free cash flow should reach approximately $280 million and profit for the year attributable to the owners of the Corporation is expected to attain $88 million.

Fiscal 2015 financial guidelines are as follows:

(in millions of dollars)	**Projections October 31, 2014 Fiscal 2015 $**	Preliminary projections July 9, 2014 Fiscal 2015 $	Actuals Fiscal 2014 **$**	
Financial guidelines				
Revenue	**2,185**	2,185	**2,096**	
Adjusted EBITDA	**945**	945	**908**	
Integration, restructuring and acquisition costs	**—**	—	**5**	
Financial expense	**132**	132	**137**	
Current income taxes	**105**	105	**86**	
Profit for the year	**265**	265	**210**	
Profit for the year attributable to owners of the Corporation	**88**	88	**68**	
Acquisitions of property, plant and equipment, intangible and other assets	**438**	438	**420**	
Free cash flow[(1)]	**280**	270	**274**	[(2)]

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items of approximately $10 million and less, integration, restructuring and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

(2) Fiscal 2014 free cash flow excludes non-cash items of approximately $14 million,mainly related to share-based payment and amortization of deferred transaction costs and discounts on long-term debt.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT

Cogeco Cable revised its fiscal 2015 preliminary financial guidelines, as issued on July 9, 2014 with regards to free cash flow, to take into consideration non-cash items of approximately $10 million to be excluded from the calculation.

Fiscal 2015 financial guidelines take into consideration the current uncertain global economic and the intense competitive environment that prevails in Canada, the United States and Europe by the incumbent telecommunications or IT infrastructure providers, as the case may be. In addition, these financial guidelines are supported by Cogeco Cable's objectives which are to improve profitability to create shareholder value. Cogeco Cable focus on customer's needs by offering services at attractive prices, expanding its offering with respect to geography and by diversifying its product and services. As the Corporation operates in an industry characterized by rapid technological innovation which requires substantial capital, Cogeco Cable will continue the expansion and upkeep maintenance of its networks and data centre facilities as well as the launch and expansion of new or additional services. The Corporation recognizes that customer service is a key brand attribute that has potential to differentiate its services compared to its competitors and that superior customer service earns their loyalty and retention. As cost containment is a core element of financial performance and remains a key factor to maintain strong operating margins, Cogeco Cable intends to continue executing its strategy of tight operating and capital cost controls and rigorous customer-related processes.

For fiscal 2015, Cogeco Cable expects to achieve revenue of $2.03 billion, representing a growth of $82 million or 4.2% compared to fiscal 2014. In the Cable services segment, revenue should stem primarily from targeted marketing initiatives to improve penetration rates of HSI and Telephony services in the business sector while the penetration of residential Telephony and Television services should remain sluggish in the Canadian cable services, reflecting service category maturity and intense competition. Furthermore, the penetration of Digital video and HSI services should continue to benefit from customers' ongoing interest in TiVo's digital advanced television services in the American cable services segment as well as the launch of TiVo digital advanced television services in the Canadian cable services segment. Cable services segment will also benefit from the impact of rate increases in most of its services. In the Enterprise data services segment, revenue growth should stem primarily from managed and dedicated hosting and colocation services due to the expansion of the Barrie data centre facility as well as from the migration of services in the business portfolio that generate revenue with higher margins. In addition, the construction of the first pod of a new data centre facility in Kirkland, Montréal, is expected to be completed in the Spring of fiscal 2015 and should begin generating revenue. The revenue growth should also be driven by connectivity services as a result of network expansions and new customer installations.

Fiscal 2015 operating expenses are expected to expand by approximately $50 million, or 4.7%, compared to fiscal 2014 mainly due to additional expenditures to support the Enterprise data services segment growth, salary increases as well as the continuation of the marketing initiatives and retention strategies. These increases should be partly offset by cost reduction initiatives from improved systems and processes and by the restructuring activities that were completed in fiscal 2014.

For fiscal 2015, the Corporation expects adjusted EBITDA of $925 million, an increase of $32 million, or 3.6%, compared to fiscal 2014. The operating margin is expected to reach approximately 45.6% in fiscal 2015, compared to 45.9% for fiscal 2014, reflecting lower margins business activities from the Enterprise data services segment as well as operating expenses increasing slightly faster than the revenue.

Cogeco Cable expects the depreciation and amortization of property, plant and equipment and intangible assets to increase by $5 million for fiscal 2015, mainly from the increase in capital expenditures in fiscal 2015. Cash flows from operations should finance capital expenditures which are expected to reach $430 million compared to $415 million for fiscal 2014. Fiscal 2015 capital expenditures should increase mainly due to the completion of the expansion of the Barrie data centre facility and the construction of the first pod of a new data centre in Kirkland in the Enterprise data services segment.

Fiscal 2015 free cash flow is expected to amount to $280 million compared to fiscal 2014 free cash flow of $275 million due to the adjusted EBITDA growth, partly offset by additional capital expenditures. As a result, generated free cash flow will reduce Indebtedness net of cash and cash equivalent, thus improving the Corporation's net leverage ratios. Financial expense should amount to $125 million, a decrease of $5 million, or 3.8%, from lower Indebtedness level. Finally, profit for the year should reach approximately $260 million compared to $209 million for fiscal 2014.

Fiscal 2015 financial guidelines are as follows:

	Projections October 31, 2014	Preliminary projections July 9, 2014	Actuals	
	Fiscal 2015	Fiscal 2015	Fiscal 2014	
(in millions of dollars, except percentages)	**$**	$	$	
Financial guidelines				
Revenue	**2,030**	2,030	1,948	
Adjusted EBITDA	**925**	925	893	
Operating margin	**45.6%**	45.6%	45.9%	
Integration, restructuring and acquisition costs	**—**	—	5	
Depreciation and amortization	**465**	465	460	
Financial expense	**125**	125	130	
Current income taxes	**100**	100	83	
Profit for the year	**260**	260	209	
Acquisitions of property, plant and equipment, intangible and other assets	**430**	430	415	
Free cash flow[1]	**280**	270	275	[2]
Capital intensity	**21.2%**	21.2%	21.3%	

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items of approximately $10 million and less, integration, restructuring and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

(2) Fiscal 2014 free cash flow excludes non cash items of approximately $15 million, mainly related to share-based payment and amortization of deferred transaction costs and discounts on long-term debt.

NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by COGECO 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” and “adjusted EBITDA”.

CASH FLOW FROM OPERATIONS AND FREE CASH FLOW

Cash flow from operations is used by COGECO’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’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		Years ended	
	August 31, 2014	August 31, 2013 (1)	**August 31, 2014**	August 31, 2013 (1)
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operating activities	**332,218**	233,464	**764,770**	552,195
Changes in non-cash operating activities	**(130,360)**	(58,644)	**(47,981)**	21,550
Amortization of deferred transaction costs and discounts on long-term debt	**2,049**	4,255	**7,905**	11,492
Income taxes paid	**10,380**	24,066	**66,268**	103,556
Current income taxes	**(13,792)**	(11,583)	**(86,170)**	(87,810)
Financial expense paid	**19,256**	20,850	**126,572**	96,121
Financial expense	**(34,970)**	(50,270)	**(137,455)**	(135,169)
Cash flow from operations	**184,781**	162,138	**693,909**	561,935

(1) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

Free cash flow is calculated as follows:

	Quarters ended		Years ended	
	August 31, 2014	August 31, 2013 (1)	**August 31, 2014**	August 31, 2013 (1)
(in thousands of dollars)	**$**	$	**$**	$
Cash flow from operations	**184,781**	162,138	**693,909**	561,935
Acquisition of property, plant and equipment	**(165,688)**	(102,902)	**(405,553)**	(391,918)
Acquisition of intangible and other assets	**(954)**	(4,917)	**(14,626)**	(18,567)
Assets acquired under finance leases	**—**	(937)	**—**	(937)
Free cash flow	**18,139**	53,382	**273,730**	150,513

(1) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

ADJUSTED EBITDA

Adjusted EBITDA is a benchmark commonly used in the telecommunications industry, as it allows comparisons with companies that have different capital structures and is more current measures since it excludes the impact of historical investments in assets. Adjusted EBITDA evolution assesses COGECO'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.

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

	Quarters ended		Years ended	
	August 31, 2014	August 31, 2013 (1)	**August 31, 2014**	August 31, 2013 (1)
(in thousands of dollars)	**$**	$	**$**	$
Profit for the period	**59,229**	43,770	**210,170**	189,821
Income taxes	**15,708**	10,374	**54,760**	63,715
Financial expense	**34,970**	50,270	**137,455**	135,169
Impairment of property, plant and equipment	**3,296**	—	**35,493**	—
Depreciation and amortization	**115,173**	115,444	**465,648**	388,275
Integration, restructuring and acquisitions costs	**956**	4,750	**4,736**	21,662
Adjusted EBITDA	**229,332**	224,608	**908,262**	798,642

(1) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT CUSTOMER STATISTICS

	August 31, 2014	May 31, 2014	February 28, 2014	November 30, 2013	August 31, 2013	August 31, 2012
PSU	**2,442,184**	**2,452,118**	**2,454,627**	**2,464,932**	2,467,657	1,975,054
CANADA	**1,946,022**	**1,956,444**	**1,962,077**	**1,975,502**	1,980,122	1,975,054
UNITED STATES	**496,162**	**495,674**	**492,550**	**489,430**	487,535	—
Television service customers	**1,023,094**	**1,034,991**	**1,044,611**	**1,057,859**	1,066,952	863,115
CANADA	**797,165**	**807,831**	**815,852**	**827,649**	834,771	863,115
Penetration as a percentage of homes passed	**47.3%**	**47.9%**	**48.5%**	**49.3%**	49.9%	52.4%
UNITED STATES	**225,929**	**227,160**	**228,759**	**230,210**	232,181	—
Penetration as a percentage of homes passed	**43.7%**	**43.8%**	**44.2%**	**44.5%**	44.9%	—
HSI	**869,453**	**865,597**	**857,786**	**848,897**	838,445	640,455
CANADA	**679,584**	**676,802**	**672,981**	**668,257**	661,337	640,455
Penetration as a percentage of homes passed	**40.3%**	**40.2%**	**40.0%**	**39.8%**	39.5%	38.8%
UNITED STATES	**189,869**	**188,795**	**184,805**	**180,640**	177,108	—
Penetration as a percentage of homes passed	**36.7%**	**36.4%**	**35.7%**	**34.9%**	34.3%	—
Telephony service customers	**549,637**	**551,530**	**552,230**	**558,176**	562,260	471,484
CANADA	**469,273**	**471,811**	**473,244**	**479,596**	484,014	471,484
Penetration as a percentage of homes passed	**27.8%**	**28.0%**	**28.1%**	**28.6%**	28.9%	28.6%
UNITED STATES	**80,364**	**79,719**	**78,986**	**78,580**	78,246	—
Penetration as a percentage of homes passed	**15.5%**	**15.4%**	**15.3%**	**15.2%**	15.1%	—

QUARTERLY FINANCIAL HIGHLIGHTS

				Fiscal 2014				Fiscal 2013 [3]
Quarters ended[1]	**Nov. 30**	**Feb. 28**	**May. 31**	**Aug. 31**	Nov. 30	Feb. 28	May. 31	Aug. 31
(in thousands of dollars, except percentages and per share data)	**$**	**$**	**$**	**$**	$	$	$	$
Revenue	**516,971**	**518,477**	**536,067**	**524,523**	366,608	458,501	504,434	504,714
Adjusted EBITDA	**224,040**	**221,807**	**233,083**	**229,332**	156,884	196,272	220,878	224,608
Impairment of property, plant and equipment	**—**	**—**	**32,197**	**3,296**	—	—	—	—
Income taxes	**15,837**	**14,147**	**9,068**	**15,708**	19,172	15,089	19,080	10,374
Profit for the period	**56,839**	**58,467**	**35,635**	**59,229**	47,106	48,950	49,995	43,770
Profit for the period attributable to owners of the Corporation	**23,055**	**17,391**	**11,469**	**15,765**	18,530	14,676	17,185	13,869
Cash flow from operating activities	**60,235**	**187,611**	**184,706**	**332,218**	(6,005)	157,095	167,641	233,464
Cash flow from operations	**159,222**	**173,415**	**176,491**	**184,781**	101,501	140,124	158,172	162,138
Acquisitions of property, plant and equipment, intangible and other assets	**86,580**	**81,997**	**84,960**	**166,642**	83,155	106,019	113,492	108,756
Free cash flow	**72,642**	**91,418**	**91,531**	**18,139**	18,346	34,105	44,680	53,382
Earnings per share attributable to the owners of the Corporation[2]								
Basic	**1.38**	**1.04**	**0.69**	**0.94**	1.11	0.88	1.03	0.83
Diluted	**1.37**	**1.03**	**0.68**	**0.94**	1.10	0.87	1.02	0.82

(1) The addition of quarterly information may not correspond to the annual total due to rounding.
(2) Per multiple and subordinate voting share.
(3) Comparative figures have been adjusted to comply with the adoption of IAS 19 *Employee Benefits*. For further details, please refer to Note 3 of the consolidated financial statements.

SEASONAL VARIATIONS

COGECO's operating results are not generally subject to material seasonal fluctuations except as follows. In the Cable and Enterprise data services segment, 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/Delaware in the United States. In the United States, the Miami region is also subject to seasonal fluctuations due to the winter season residents returning home from late Spring through the Fall.

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 www.cogeco.ca.

ABOUT COGECO

COGECO (www.cogeco.ca) is a diversified holding corporation. Through its Cogeco Cable subsidiary, COGECO provides to its residential and business customers analogue and digital television, high speed Internet and telephony services with its two-way broadband fibre networks. Cogeco Cable operates 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. 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. Through its subsidiary, Cogeco Diffusion, COGECO owns and operates 13 radio stations across most of Québec with complementary radio formats serving a wide range of audiences as well as Cogeco News, its news agency. COGECO also operates Métromédia, an out-of-home advertising company specialized in the public transit sector. COGECO's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CGO). The subordinate voting shares of Cogeco Cable are also listed on the Toronto Stock Exchange (TSX: CCA).

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Analyst Conference Call: **Monday, November 3, 2014 at 11:00 a.m.** (Eastern Standard 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: **6637961**
By Internet at www.cogeco.ca/investors

A rebroadcast of the conference call will be available until November 10, 2014, by dialing:

Canada and United States access number: **1 888-203-1112**
International access number: **+ 1 647-436-0148**
Confirmation code: **6637961**