

FINANCIAL HIGHLIGHTS

<i>(in thousands of dollars, except percentages and per share data)</i>	Three months ended			Nine months ended		
	May 31, 2015	May 31, 2014	Change	May 31, 2015	May 31, 2014	Change
	\$	\$	%	\$	\$	%
Operations						
Revenue	557,787	536,067	4.1	1,633,074	1,571,515	3.9
Adjusted EBITDA ⁽¹⁾	246,977	233,083	6.0	710,029	678,930	4.6
Impairment of property, plant and equipment	—	32,197	(100.0)	—	32,197	(100.0)
Profit for the period	66,285	35,635	86.0	186,686	150,941	23.7
Profit for the period attributable to owners of the Corporation	22,584	11,469	96.9	64,225	51,915	23.7
Cash Flow						
Cash flow from operating activities	200,686	184,706	8.7	418,610	432,552	(3.2)
Cash flow from operations ⁽¹⁾	182,736	176,491	3.5	529,481	509,128	4.0
Acquisitions of property, plant and equipment, intangible and other assets	104,807	84,960	23.4	311,907	253,537	23.0
Free cash flow ⁽¹⁾	77,929	91,531	(14.9)	217,574	255,591	(14.9)
Financial Condition⁽²⁾						
Property, plant and equipment				1,904,392	1,852,270	2.8
Total assets				5,660,394	5,367,730	5.5
Indebtedness ⁽³⁾				3,029,006	2,848,040	6.4
Equity attributable to owners of the Corporation				574,938	513,965	11.9
Per Share Data⁽⁴⁾						
Earnings per share						
Basic	1.35	0.69	95.7	3.84	3.10	23.9
Diluted	1.34	0.68	97.1	3.82	3.08	24.0

(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 May 31, 2015 and August 31, 2014.

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

(4) Per multiple and subordinate voting share.

periods of the prior year mainly as a result of the higher proportion of the American cable services segment which generates lower margin, partly offset by the improvement in the Canadian cable and Enterprise data services segments.

On July 14, 2015, Cogeco Cable and its parent company, COGECO, amended the Management Services Agreement in place since 1993, which was amended once eighteen years ago in 1997. The amendment takes into account the significant expansion of the business activities of Cogeco Cable in recent years, both by virtue of internal growth and its several acquisitions and a better alignment of management fees with the costs, time and resources committed by COGECO to provide such services to Cogeco Cable. Starting in fiscal 2016, Cogeco Cable will pay monthly fees equal to 0.85% of its consolidated revenue to COGECO. This amendment should have a favorable impact on the profit attributable to owners of the Corporation. Accordingly, management fees will be recognized and paid throughout the year resulting in more comparable operating margins from quarter to quarter. If the new level of management fees had been applicable in fiscal 2015, it is estimated that they would have amounted to approximately \$17 million.

FISCAL 2015 REVISED FINANCIAL GUIDELINES

As a result of revised projections in the Cable and Enterprise data services segment, the Corporation revised its consolidated projections for the 2015 fiscal year as issued on April 8, 2015. Management expects integration, restructuring and acquisition costs to reach \$15 million. Consequently, profit for the year should decrease from \$263 million to \$253 million and free cash flow should decrease from \$290 million to \$275 million.

Fiscal 2015 revised financial guidelines are as follows:

	Revised projections July 14, 2015	Revised projections April 8, 2015
	Fiscal 2015	Fiscal 2015
<i>(in million of dollars)</i>	\$	\$
Revenue	2,195	2,195
Adjusted EBITDA	953	953
Integration, restructuring and acquisition costs	15	1
Financial expense	147	147
Current income tax expense	95	95
Profit for the year	253	263
Profit for the year attributable to owners of the Corporation	85	87
Acquisitions of property, plant and equipment, intangible and other assets	435	435
Free cash flow ⁽¹⁾	275	290

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items of approximately \$14 million and less, integration, restructuring, and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

CABLE AND ENTERPRISE DATA SERVICES SEGMENT

As a result of the costs associated with the restructuring of its Enterprise data services segment, Cogeco Cable revised its financial guidelines for the 2015 fiscal year issued on April 8, 2015. Management expects integration, restructuring and acquisition costs to reach \$15 million, and consequently, profit for the year should decrease by \$10 million to \$250 million and free cash flow by \$15 million to \$275 million.

Fiscal 2015 revised financial guidelines are as follows:

	Revised projections July 14, 2015	Revised projections April 8, 2015
	Fiscal 2015	Fiscal 2015
<i>(in million of dollars, except percentages)</i>	\$	\$
Revenue	2,050	2,050
Adjusted EBITDA	935	935
Operating margin	45.6%	45.6%
Integration, restructuring and acquisition costs	15	1
Depreciation and amortization	465	465
Financial expense	140	140
Current income tax expense	90	90
Profit for the year	250	260
Acquisitions of property, plant and equipment, intangible and other assets	430	430
Free cash flow ⁽¹⁾	275	290
Capital intensity	21.0%	21.0%

(1) Free cash flow is calculated as adjusted EBITDA plus non-cash items of approximately \$15 million and less, integration, restructuring and acquisition costs, financial expense, current income taxes and acquisitions of property, plant and equipment, intangible and other assets.

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(unaudited)

	Notes	Three months ended May 31,		Nine months ended May 31,	
		2015	2014	2015	2014
<i>(In thousands of Canadian dollars, except per share data)</i>		\$	\$	\$	\$
Revenue		557,787	536,067	1,633,074	1,571,515
Operating expenses	4	310,810	302,984	923,045	892,585
Integration, restructuring and acquisition costs	3	5,669	3,186	7,008	3,780
Depreciation and amortization	5	117,793	118,926	352,144	350,475
Impairment of property, plant and equipment	3	—	32,197	—	32,197
Financial expense	6	37,632	34,071	112,492	102,485
Income taxes	7	19,598	9,068	51,699	39,052
Profit for the period		66,285	35,635	186,686	150,941
Profit for the period attributable to:					
Owners of the Corporation		22,584	11,469	64,225	51,915
Non-controlling interest		43,701	24,166	122,461	99,026
		66,285	35,635	186,686	150,941
Earnings per share	8				
Basic		1.35	0.69	3.84	3.10
Diluted		1.34	0.68	3.82	3.08

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period	66,285	35,635	186,686	150,941
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
<i>Cash flow hedging adjustments</i>				
Net change in fair value of hedging derivative financial instruments	(1,878)	(4,919)	29,909	5,324
Net change in fair value of hedging derivative financial instruments reclassified to financial expense	1,254	4,408	(29,716)	(5,928)
Related income taxes	257	178	(169)	(120)
	(367)	(333)	24	(724)
<i>Foreign currency translation adjustments</i>				
Net foreign currency translation differences on net investments in foreign operations	(4,819)	(14,392)	101,205	23,087
Net changes in unrealized adjustments on translation of long-term debt designated as hedges of net investments in foreign operations	3,036	8,524	(63,191)	(13,234)
	(1,783)	(5,868)	38,014	9,853
	(2,150)	(6,201)	38,038	9,129
Items not to be subsequently reclassified to profit or loss				
<i>Defined benefit plans actuarial adjustments</i>				
Remeasurement of net defined benefit pension plan liability	3,713	(200)	(3,924)	667
Related income taxes	(1,043)	59	1,015	(172)
	2,670	(141)	(2,909)	495
Other comprehensive income (loss) for the period	520	(6,342)	35,129	9,624
Comprehensive income for the period	66,805	29,293	221,815	160,565
Comprehensive income for the period attributable to:				
Owners of the Corporation	23,695	9,291	74,265	54,948
Non-controlling interest	43,110	20,002	147,550	105,617
	66,805	29,293	221,815	160,565

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

<i>(In thousands of Canadian dollars)</i>	<i>Notes</i>	May 31, 2015	August 31, 2014
		\$	\$
Assets			
Current			
Cash and cash equivalents		74,718	63,831
Trade and other receivables		126,432	123,094
Income taxes receivable		15,223	22,254
Prepaid expenses and other		20,133	18,090
Derivative financial instruments		36,124	—
		272,630	227,269
Non-current			
Other assets		10,608	11,637
Property, plant and equipment		1,904,392	1,852,270
Intangible assets		2,065,506	1,986,187
Goodwill		1,382,545	1,259,654
Derivative financial instruments		—	6,132
Deferred tax assets		24,713	24,581
		5,660,394	5,367,730
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		13,420	3,228
Trade and other payables		223,360	345,910
Provisions		22,899	16,749
Income tax liabilities		49,687	47,561
Deferred and prepaid revenue		59,911	57,012
Derivative financial instruments		83	—
Balance due on a business combination, bank prime rate plus 1%		2,000	2,000
Current portion of long-term debt	9	271,636	32,349
		642,996	504,809
Non-current			
Long-term debt	9	2,746,423	2,782,712
Deferred and prepaid revenue and other liabilities		28,286	25,086
Pension plan liabilities and accrued employees benefits		12,881	17,169
Deferred tax liabilities		513,182	498,866
		3,943,768	3,828,642
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	10 B)	117,191	117,963
Share-based payment reserve		5,702	5,858
Accumulated other comprehensive income	11	21,274	9,131
Retained earnings		430,771	381,013
		574,938	513,965
Non-controlling interest		1,141,688	1,025,123
		1,716,626	1,539,088
		5,660,394	5,367,730

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

		Three months ended May 31,		Nine months ended May 31,	
	Notes	2015	2014	2015	2014
		\$	\$	\$	\$
<i>(In thousands of Canadian dollars)</i>					
Cash flow from operating activities					
Profit for the period		66,285	35,635	186,686	150,941
Adjustments for:					
Depreciation and amortization	5	117,793	118,926	352,144	350,475
Impairment of property, plant and equipment	3	—	32,197	—	32,197
Financial expense	6	37,632	34,071	112,492	102,485
Income taxes	7	19,598	9,068	51,699	39,052
Share-based payment	10 D)	1,684	2,763	6,149	7,166
Loss on disposals and write-offs of property, plant and equipment		136	770	1,548	2,065
Defined benefit pension plans contributions, net of expense		427	(1,182)	(8,468)	(6,246)
		243,555	232,248	702,250	678,135
Changes in non-cash operating activities	12	27,848	13,340	(110,532)	(82,379)
Financial expense paid		(52,187)	(44,210)	(117,029)	(107,316)
Income taxes paid		(18,530)	(16,672)	(56,079)	(55,888)
		200,686	184,706	418,610	432,552
Cash flow from investing activities					
Acquisition of property, plant and equipment		(100,666)	(80,017)	(300,436)	(239,865)
Acquisition of intangible and other assets		(4,141)	(4,943)	(11,471)	(13,672)
Other		778	25	1,043	605
		(104,029)	(84,935)	(310,864)	(252,932)
Cash flow from financing activities					
Increase (decrease) in bank indebtedness		(3,216)	9,351	10,192	51
Net decreases under the revolving facilities		(12,579)	(163,598)	(31,028)	(186,088)
Issuance of long-term debt, net of discounts and transaction costs		—	48,670	—	48,670
Repayments of long-term debt		(7,861)	(4,819)	(28,220)	(10,870)
Increase in deferred transaction costs		—	—	(550)	(1,346)
Acquisition of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans	10 B)	—	(12)	(1,979)	(1,941)
Dividends paid on multiple voting shares	10 C)	(470)	(405)	(1,410)	(1,216)
Dividends paid on subordinate voting shares	10 C)	(3,797)	(3,298)	(11,392)	(9,846)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		26	553	5,577	4,981
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive Share Unit and Performance Share Unit Plans		—	—	(6,425)	(6,934)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest		(11,633)	(9,924)	(34,841)	(29,738)
		(39,530)	(123,482)	(100,076)	(194,277)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currencies					
		(331)	(535)	3,217	1,390
Net change in cash and cash equivalents					
		56,796	(24,246)	10,887	(13,267)
Cash and cash equivalents, beginning of the period		17,922	54,772	63,831	43,793
Cash and cash equivalents, end of the period					
		74,718	30,526	74,718	30,526

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2015

(unaudited)

(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)

4. OPERATING EXPENSES

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries, employee benefits and outsourced services	107,494	103,999	313,358	302,680
Service delivery costs ⁽¹⁾	156,654	148,808	461,685	445,907
Customer related costs ⁽²⁾	17,382	20,891	57,728	60,415
Other external purchases ⁽³⁾	29,280	29,286	90,274	83,583
	310,810	302,984	923,045	892,585

(1) Include cost of equipment sold, content and programming costs, payments to other carriers, data center expenses, franchise fees and network costs.

(2) Include advertising and marketing expenses, selling costs, billing expenses, bad debts and collection expenses.

(3) Include office building expenses, professional service fees, Canadian Radio-television and Telecommunications Commission ("CRTC") fees and other administrative expenses.

5. DEPRECIATION AND AMORTIZATION

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Depreciation of property, plant and equipment	101,394	103,209	303,935	302,775
Amortization of intangible assets	16,399	15,717	48,209	47,700
	117,793	118,926	352,144	350,475

6. FINANCIAL EXPENSE

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Interest on long-term debt	34,645	33,304	102,482	99,293
Net foreign exchange losses (gains)	349	(336)	1,535	(373)
Amortization of deferred transaction costs	598	488	1,820	1,454
Capitalized borrowing costs ⁽¹⁾	(117)	(867)	(258)	(2,232)
Other	2,157	1,482	6,913	4,343
	37,632	34,071	112,492	102,485

(1) For the three and nine-month periods ended May 31, 2015 and 2014, the weighted average interest rate used for the capitalization of borrowing costs was 4.5%.

COGECO INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****May 31, 2015***(unaudited)**(amounts in tables are in thousands of Canadian dollars, except number of shares and per share data)***7. INCOME TAXES**

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Current	25,370	23,693	66,753	72,378
Deferred	(5,772)	(14,625)	(15,054)	(33,326)
	19,598	9,068	51,699	39,052

The following table provides the reconciliation between income tax expense at the Canadian statutory federal and provincial income tax rates and the consolidated income tax expense:

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit before income taxes	85,883	44,703	238,385	189,993
Combined income tax rate	26.71%	25.81%	26.58%	26.62%
Income taxes at combined income tax rate	22,938	11,537	63,371	50,576
Adjustment for losses or profit subject to lower or higher tax rates	695	1,726	3,530	1,770
Income taxes arising from non-deductible expenses	474	1,368	2,063	103
Tax impacts related to investments in foreign operations	(4,692)	(4,928)	(13,466)	(13,445)
Other	183	(635)	(3,799)	48
Income taxes at effective income tax rate	19,598	9,068	51,699	39,052

8. EARNINGS PER SHARE

The following table provides the reconciliation between basic and diluted earnings per share:

	Three months ended May 31,		Nine months ended May 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Profit for the period attributable to owners of the Corporation	22,584	11,469	64,225	51,915
Weighted average number of multiple and subordinate voting shares outstanding	16,734,904	16,729,177	16,739,566	16,729,701
Effect of dilutive incentive share units	78,482	102,646	80,369	103,475
Effect of dilutive performance share units	18,987	—	14,648	—
Weighted average number of diluted multiple and subordinate voting shares outstanding	16,832,373	16,831,823	16,834,583	16,833,176
Earnings per share				
Basic	1.35	0.69	3.84	3.10
Diluted	1.34	0.68	3.82	3.08

CABLE AND ENTERPRISE DATA SERVICES SEGMENT

CUSTOMER STATISTICS

	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014	May 31, 2014
CONSOLIDATED					
Primary service units	2,448,755	2,451,156	2,453,272	2,442,184	2,452,118
Television service customers	998,043	1,004,481	1,014,629	1,023,094	1,034,991
HSI service customers	905,057	898,807	887,988	869,453	865,597
Telephony service customers	545,655	547,868	550,655	549,637	551,530
CANADA					
Primary service units	1,936,923	1,943,658	1,951,317	1,946,022	1,956,444
Television service customers	774,977	780,477	789,686	797,165	807,831
Penetration as a percentage of homes passed	46.7%	46.4%	46.8%	47.3%	47.9%
HSI service customers	700,090	698,247	692,911	679,584	676,802
Penetration as a percentage of homes passed	42.2%	41.5%	41.1%	40.3%	40.2%
Telephony service customers	461,856	464,934	468,720	469,273	471,811
Penetration as a percentage of homes passed	27.8%	27.6%	27.8%	27.8%	28.0%
UNITED STATES					
Primary service units	511,832	507,498	501,955	496,162	495,674
Television service customers	223,066	224,004	224,943	225,929	227,160
Penetration as a percentage of homes passed	42.9%	43.1%	43.5%	43.7%	43.8%
HSI service customers	204,967	200,560	195,077	189,869	188,795
Penetration as a percentage of homes passed	39.4%	38.6%	37.7%	36.7%	36.4%
Telephony service customers	83,799	82,934	81,935	80,364	79,719
Penetration as a percentage of homes passed	16.1%	16.0%	15.8%	15.5%	15.4%