



**PRESS RELEASE**  
**For immediate release**

## **COGECO REPORTS REVENUE GROWTH AND INCREASES ITS TELEVISION INVESTMENTS**

**Montreal, December 15, 2005** – COGECO Inc. reports an improvement in its principal results over the previous year, particularly due to the strong financial performance of its cable distribution subsidiary.

COGECO's revenue totalled \$675.6 million, up 4.2% over the previous year, due to a \$27.9 million revenue increase from the cable sector, partly offset by a slight \$0.4 million decline in the media sector. Moreover, operating income before amortization increased by 9% to \$233.8 million, thanks to a \$24.3 million contribution from the cable sector, counterbalanced by a \$3.7 million decrease in the media sector. Excluding the television's impairment of goodwill and other intangible assets for fiscal 2005, net income would have been \$9.8 million. However, this unusual item results in a net loss of \$19.8 million.

“COGECO's results, and especially those of its cable subsidiary, have improved. More customers are now users of our high-speed Internet (HSI) and digital services, and the launch of digital telephony allows the customers of our cable subsidiary to benefit from a complete offer at a very attractive price. As for our media subsidiary, the RYTHME FM network has continued to build its base in its new markets, while maintaining its leading position in the Montreal market. For TQS, very tight cost control at the beginning of the year and substantial investments starting in the third quarter position us for a return to profitability over the next few seasons,” said Mr Louis Audet, COGECO's President and Chief Executive Officer at the Company's annual meeting.

### **Media Sector**

In 2005, the RYTHME FM network consolidated its position throughout Quebec. Moreover, according to the BBM all through 2005, the Montreal radio station 105.7 RYTHME FM continues to obtain good results and is establishing itself as the leader among the 25-54 age group in the Montreal region.

93<sup>3</sup> in Quebec City is winning over its audience with programming suited to the taste of its target audience, men between 25 and 54.

TQS is solidifying its programming base to regain its market shares and strengthen its black sheep position. Shows such as *Donnez au suivant*, *Le Bachelor* and *Loft Story II* will spearhead the achievement of the expected results.

## **Cable Sector**

Cogeco Cable's revenue increased by \$27.9 million, or 5.3% over the previous year. The cable subsidiary's Operating Income rose by \$24.3 million, or 11.9%, thanks to revenue growth, counterbalanced by a modest increase in operating expenses. Cash flow from operations was \$26.2 million greater than for the previous year, primarily due to the growth of Operating income and to a decline in financial expenses. Operating margin rose from 38.6% for fiscal 2004 to 41% for fiscal 2005.

Fiscal 2005 allowed the cable subsidiary to increase customer acquisition for digital services and HSI. This 22.5% improvement in clientele for digital services and 15.9% for HSI eased the loss of 2,422 basic service customers.

During fiscal 2005, several enhancements were made to Cogeco Cable's offer, such as the addition of many digital tiers and the expansion of high definition and video-on-demand channels. On the other hand, the HSI service remains the fastest on the market, and with the addition of F-Secure products, provides value-added that is in keeping with our customers' demand. Cogeco Cable intends to continue meeting its customers' expectations for leading-edge technological goods and services. Thus, digital telephony will be extended to most of our major markets by the end of fiscal 2006.

## **2006, a Promising Year**

For the 2006 fiscal year, COGECO forecasts continued growth, although on a more modest scale. The Company should improve its profitability and its net cash flows, thus generating about \$10 million in net income and \$25 million to \$30 million in Free Cash Flow.

Cogeco Cable will work on consolidating its growth, both by increasing and enhancing its product and service offerings and by acquiring new clienteles.

On the radio side, 93<sup>3</sup> will continue to rely on its classic rock format, which is greatly appreciated, based on the public's reaction. The RYTHME FM network will consolidate its position, especially in the Montreal market.

TQS continues to display its commitment to innovation. The commented television news and debates on current affairs have become its trademark. The new programming will allow a return to profitability within the next few seasons.

"Fiscal 2006 looks very promising. We anticipate net earnings growth and an increase in the return on shareholders' equity, despite the launch of several promising new services. Sustained internal growth and approaches to new clienteles, both in or outside Canada, will meet the Company's growth objectives and search for value," Mr. Audet concluded.

## **About COGECO Inc.**

COGECO is a diversified communications undertaking. Through its subsidiary, Cogeco Cable, COGECO provides about 1,356,000 revenue-generating units to about 1,449,000 cabled households within its service territory. Through its two-way broadband cable infrastructure, Cogeco Cable provides its residential and commercial customers with analog and digital video and audio services, high-speed Internet services as well as a digital telephony service. Through its subsidiary, Cogeco Radio-Television, COGECO owns 60% of the TQS network, six TQS television stations and three CBC-affiliated television stations, in partnership with CTV

Television. Cogeco Radio-Television operates, as sole owner, the RYTHME FM radio stations in Montreal, Quebec City, Sherbrooke and Trois-Rivières as well as 93<sup>3</sup> in Quebec City. COGECO's subordinate voting shares are listed on the Toronto Stock Exchange (CGO.SV). The subordinate voting shares of its subsidiary Cogeco Cable are also listed on the Toronto Stock Exchange (CCA.SV).

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