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Attention Business Editors:

Cogeco Cable Announces the Financial Results for the First Quarter of Fiscal Year 2001

MONTREAL, Jan. 15 /CNW/ - Cogeco Cable Inc. announced today the financial results of the Corporation for the first quarter of fiscal year 2001 ended November 30, 2000.

OPERATING RESULTS

For the first quarter of fiscal 2001, consolidated revenue increased by 17%, from \$88.6 million to \$103.7 million. Part of this growth is attributable to the acquisition of the Cableworks systems on September 30, 1999 and the acquisition of Câblo Distribution G inc., Télécâble Provincial inc. and Lindsay CATV System Limited on September 1, 2000. Internal revenue growth was mainly attributable to rate increases for discretionary tiers implemented on June 1, 2000 in Ontario and September 1, 2000 in Quebec and for basic service on March 1, 2000 and September 1, 2000. Continued customer growth for high-speed Internet access and for the Cogeco Cable digital service were also contributing factors to the revenue increase.

Operating income before depreciation and amortization increased by 6% for the first quarter 2001, from \$34.6 million to \$36.6 million. Operating income margin for the first quarter was 35.3% compared to 39.1% for the same period last year. The decrease in operating margins was mainly attributable to higher marketing costs.

Depreciation and amortization increased by 52% to \$20.9 million from \$13.8 million during this first quarter 2001. As for financial expense, it rose by 24%, from \$10.4 million to \$12.9 million during this first quarter 2001. The increase in depreciation and amortization results from the cable network modernization program, capital expenditures related to high-speed Internet access and digital services, and to recent acquisitions. The capital expenditures incurred, in particular for the digital decoders, will support future revenue of greatly expanded video and interactive services to customers. Financial expense has increased as a result of higher capital expenditures than internally generated cash flow from ongoing operations, a decrease in non-cash working capital items, and recent acquisitions.

Net income excluding unusual items amounted to \$0.4 million or \$0.01 per share for the first quarter of fiscal year 2001 compared to \$5.2 million or \$0.16 per share for the same period last year. The decline in net income and earnings per share is attributable above all to increased depreciation and amortization as well as financial expense. For the first quarter of fiscal year 2001, the weighted average number of outstanding shares amounted to 36.5 million compared to 33.5 million for the same period last year, an increase of 9%. Increase of the weighted average number of outstanding shares is attributable to the issue of 2.5 million subordinate voting shares to the public on September 12, 2000 and the issue of approximately 2.1 million subordinate voting shares in partial consideration of acquisitions completed during the first quarter of fiscal year 2001.

For the first quarter of fiscal 2001, there were no unusual items. In the first quarter of fiscal 2000, the unusual item stemmed from the sale of cable systems located in the Ottawa Valley in exchange for the purchase of cable systems located in the Niagara Peninsula and receipt of a cash payment of \$808,000. The transaction generated a gain before income taxes of \$505,000 and \$336,000 net of related deferred income taxes. Net income for the first quarter of fiscal year 2001 amounted to \$0.4 million or \$0.01 per share compared to \$5.5 million or \$0.17 per share for the same period last year.

CASH FLOW AND CAPITAL RESOURCES

For the first quarter 2001, cash flow from ongoing operations decreased

by 2%, from \$25.2 million to \$24.7 million. On a per share basis, cash flow from ongoing operations decreased by 9%, to \$0.68 from \$0.75. This decline is mainly explained by the increase in financial expense and the 9% increase in the weighted average number of shares outstanding. For the first quarter, capital expenditures increased from \$30.4 million to \$60.2 million as Cogeco Cable invested \$11 million more in digital set-top boxes and approximately \$12 million more in cable network rebuilds.

On September 1, 2000, Cogeco Cable completed the acquisitions of Câblo Distribution G inc., Télécâble Provincial inc. (companies located in Quebec) and Lindsay CATV System Limited (located in Ontario) serving approximately 30,900 basic service customers, for a total purchase price of \$45.3 million, subject to certain final adjustments. The Corporation paid approximately \$18.4 million in cash and the balance by means of an issuance of subordinate voting shares. On November 23, 2000, Cogeco Cable completed the acquisition of Cablevue (Quinte) Limited and related companies, serving approximately 32,400 basic service customers in Ontario, for a total purchase price of \$79.8 million, subject to certain final adjustments. The Corporation paid approximately \$25.1 million in cash and the balance by means of an issuance of subordinate voting shares.

On September 12, 2000, the Corporation closed an offering of 2.5 million subordinate voting shares for a total amount of \$100 million. Proceeds from this offering, net of underwriting and other fees have been used to reduce bank indebtedness of the Corporation. Furthermore, in the first quarter of fiscal 2001, approximately 2.1 million additional subordinate voting shares were issued in partial consideration of acquisitions completed during the first quarter 2001. The Corporation has obtained from the securities regulators permission to make a normal course issuer bid for the purchase for cancellation of up to 250,000 subordinate voting shares representing 1.2% of that class. The bid is in effect from September 20, 2000 to September 19, 2001.

RECENTLY ANNOUNCED ACQUISITIONS

On October 23, 2000, Cogeco Cable announced that it had signed agreements to purchase all the outstanding shares of Huntsville Cable Services Limited, Muskoka Cable Systems Limited and Lakeview Cable Limited. These three companies serve approximately 13,700 basic service customers in Northern Ontario. In a separate transaction, Cogeco Cable has also agreed to acquire intercity optical fibres interconnecting the systems to be acquired in the region. The acquisition of those cable systems is subject to requisite regulatory approvals. The total purchase price of those transactions is approximately \$30.6 million, subject to certain closing adjustments, of which approximately \$9.6 million will be paid in cash, and the balance through the issue of subordinate voting shares of Cogeco Cable.

On December 20, 2000, Cogeco Cable announced that it had concluded an agreement with the shareholders of Décibel Inc. with a view to acquiring cable systems serving approximately 6,600 basic service customers in Nicolet, Quebec and surrounding areas. Following completion of the transaction, the acquired cable systems will be interconnected with the other Cogeco Cable systems in the Mauricie region. The agreement, which is subject to requisite regulatory approvals, sets the purchase price at approximately \$11.2 million subject to closing adjustments. Approximately half of the purchase price will be paid through the issue of subordinate voting shares of Cogeco Cable.

NEW DIGITAL SERVICE

Last November 24, the cable sector was awarded a licence to establish a new Regional French and English video-on-demand (VOD) digital programming service in Ontario and Quebec. This service will enable customers to view on demand, in the comfort of their home, a wide variety of movies and other entertainment content in real time, the videos being accessible to customers from a large library of video content. Launch of the video-on-demand service is planned for the fall of 2001.

COST REDUCTION MEASURE

Further to the strategy and systems review undertaken last summer and as part of an overall cost reduction plan with a view to improving both efficiency and quality of its services, Cogeco Cable announces that it will lay off the equivalent of approximately 150 full-time employees, effective for most of them February 1, 2001, including approximately 25 contract workers.

DIVIDEND DECLARATION

At its meeting on January 12, 2000, the Board of Directors did not declare a quarterly dividend for subordinate and multiple voting shares (a dividend of \$0.03 per share was declared in the previous quarter). This reflects the lower than planned first quarter financial results and the anticipated need of the Corporation to focus more of its available cash flows on investments, in system upgrades, new technologies and growth through acquisitions.

CUSTOMER STATISTICS

As at November 30, 2000, Cogeco Cable served 870,363 basic service customers. If the acquisitions completed during the first quarter are excluded, the number of basic service customers has increased by approximately 660 customers since August 31, 2000. As at November 30, 2000, the number of customers to the high-speed Internet access service stood at 81,364 customers, an increase of 10,648 customers during the first quarter. During the first quarter an additional 13,607 DVC terminals were put in service to end the quarter with 92,670 DVC terminals in service. As at November 30, 2000, 97,921 customers had subscribed to Cogeco Cable's offering of bundled services, up from 51,203 customers as at August 31, 2000. 46 % of customers subscribing to the bundles had the digital service.

Based on the number of customers as at the end of the first quarter as well as recently announced cable systems acquisitions, Cogeco Cable will provide cable television and telecommunications services to approximately 914,000 basic cable customers. Cogeco Cable is the fourth largest cable operator in Canada based on the number of customers. Cogeco Cable's subordinate voting shares are listed on the Toronto Stock Exchange (CCA).

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COGECO CABLE INC. Customer Statistics

	November 30, 2000	August 31, 2000
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Homes Passed		
Ontario	875,591	817,307
Quebec	413,848	380,501
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	1,289,439	1,197,808
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Basic Service Customers		
Ontario	609,495	567,944
Quebec	260,868	238,487
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	870,363	806,431
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Discretionary Service Customers - Tier 1		
Ontario	509,142	479,038
Quebec	179,391	171,104
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	688,533	650,142

Discretionary Service Customers - Tier 2		
Ontario	415,696	395,121
Quebec	3,284(x)	6,111
	418,980	401,232
Discretionary Service Customers - Tier 3		
Ontario	349,431	344,593
Quebec	2,400(x)	2,636
	351,831	347,229
Pay-TV Service Customers		
Ontario	75,532	68,468
Quebec	24,054	19,852
	99,586	88,320
Internet Service Customers		
High-Speed Cable Modem		
Ontario	65,993	57,239
Quebec	15,371	13,477
	81,364	70,716
Digital Video Service Customers		
Ontario	69,912	62,123
Quebec	22,758	16,940
	92,670	79,063
Customers of bundled services		
Ontario (started March 1, 2000)	79,020	49,567
Quebec (started July 9, 2000)	18,901	16,306
	97,921	65,873

(x) Available to customers who have the Digital Video Service.

COGECO CABLE INC.
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

Three months ended November 30

(In thousands of dollars, except per share data)	2000	1999
Revenue	\$ 103,674	\$ 88,557
Network fees	32,545	27,500
Other operating costs	32,457	24,690
Management fees - COGECO Inc.	2,046	1,770

Operating income before depreciation and amortization	36,626	34,597
Depreciation and amortization	20,947	13,825
Operating income before unusual items	15,679	20,772
Unusual items (Gain)	-	(505)
Operating income	15,679	21,277
Financial expense	12,902	10,412
Income before income taxes	2,777	10,865
Income taxes		
Current	(588)	(598)
Future	2,990	5,930
	2,402	5,332
Net income		
Basic	\$ 375	\$ 5,533
Excluding unusual items	375	5,197
Earnings per share		
Basic	\$ 0.01	\$ 0.17
Fully diluted	0.01	0.16
Earnings per share excluding unusual items		
Basic	0.01	0.16
Fully diluted	0.01	0.15
Weighted average number of outstanding multiple voting shares and subordinate voting shares	36,540,339	33,524,035

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

Three months ended November 30

(In thousands of dollars, except per share data)	2000	1999
Cash flow from operating activities		
Net income	\$ 375	\$ 5,533
Unusual items net of related income taxes	-	(336)
Net income from ongoing operations	375	5,197
Items not affecting cash and cash equivalents		
Depreciation and amortization	20,947	13,825
Amortization of long-term financing costs	430	428
Future income tax	2,990	5,930
Future income tax related to unusual items	-	(169)
Other	(33)	(26)
Cash flow from ongoing operations	24,709	25,185
Current income taxes related to unusual items	-	-
Change in non-cash working capital items	(11,537)	(42,764)

	13,172	(17,579)
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Cash flow from investing activities		
Acquisition of fixed assets	(60,159)	(30,352)
Increase in deferred charges	-	(3,677)
Business acquisitions	(42,481)	(153,540)
Proceeds on disposal of businesses	-	808
Deposit on business acquisition	-	-
Other	665	118
	(101,975)	(186,643)
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Cash flow from financing activities		
Increase in long-term debt	95,296	447,000
Repayment of long-term debt	(141,551)	(245,219)
Issues of subordinate voting shares	100,018	361
Share issue costs	(4,256)	-
Purchase of subordinate voting shares for cancellation	(220)	(538)
Dividends on multiple voting shares	(471)	(941)
Dividends on subordinate voting shares	(631)	(1,071)
	48,185	199,592
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Net change in cash and cash equivalents	(40,618)	(4,630)
Cash and cash equivalents at beginning	3,400	(12,203)
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Cash and cash equivalents at end	\$ (37,218)	\$ (16,833)
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Per share		
Cash flow from ongoing operations		
Basic	\$ 0.68	\$ 0.75
Fully diluted	0.67	0.75

COGECO CABLE INC.
CONSOLIDATED BALANCE SHEETS

	November 30	August 31
(In thousands of dollars)	2000	2000
	(unaudited)	(audited)
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Assets		
Fixed assets	\$ 673,811	\$ 615,273
Customer base	808,935	700,317
Deferred charges	31,284	33,622
Investments	1,625	2,094
Accounts receivable	40,945	60,171
Prepaid expenses	3,947	13,162
	\$ 1,560,547	\$ 1,424,639
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Liabilities and Shareholders' equity		
Liabilities		
Long-term debt	\$ 701,914	\$ 748,043
Bank indebtedness	37,218	(3,400)
Accounts payable and accrued liabilities	72,957	87,333
Deferred income and prepaid services	14,057	12,402
Future income tax liabilities	88,996	113,097

	915,142	957,475
Shareholders' equity		
Capital stock	564,772	383,298
Contributed surplus	-	-
Retained earnings	80,633	83,866
	645,405	467,164
	\$ 1,560,547	\$ 1,424,639

COGECO CABLE INC.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	November 30	August 31
(In thousands of dollars)	2000	2000
	(unaudited)	(audited)
Balance at beginning	\$ 83,866	\$ 80,486
Net income	375	11,662
Share issue costs, net of related income taxes	(2,690)	-
Adjustment for changes in accounting policies	332	-
Excess of price paid over the attributed value of shares redeemed	(148)	(228)
Dividends on multiple voting shares	(471)	(3,765)
Dividends on subordinate voting shares	(631)	(4,289)
Balance at end	\$ 80,633	\$ 83,866

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COGECO CABLE INC.

Note to Consolidated Financial Statements

(amounts in tables are in thousands of dollars)

1. CHANGE IN ACCOUNTING POLICIES (UNAUDITED)

Effective September 1, 2000, the Corporation adopted new accounting recommendations related to income taxes. Under this new accounting standard, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

With respect to the assets classified under "customer base", the Corporation is in the process of analyzing the different component of the assets and assessing the impact the adoption of the new recommendations would have. Any adjustment would be recognized when this analysis is completed.

The change in accounting policy has been applied retroactively as at August 31, 2000 and resulted in a decrease in future income taxes of \$0.3 million and in an increase in retained earnings of \$0.3 million. The financial statements of the first quarter of fiscal year 2000, ended November 30, 1999 have not been restated.

2. CAPITAL STOCK AND STOCK OPTION PLAN (UNAUDITED)

Capital Stock

AUTHORIZED, AN UNLIMITED NUMBER OF :

Class A Preference shares, without voting rights, redeemable by the Corporation and retractable at the option of the holder at any time at a price of \$1 per share, carrying a cumulative preference cash dividend at a rate of 11% per year of the redeemable price. Management has committed not to sell these shares out of COGECO Inc.

Class B Preference shares, without voting rights, issuable in series.

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

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	November 30, 2000	August 31, 2000
	(unaudited)	(audited)
Issued		
15,691,100 multiple voting shares	\$ 98,346	\$ 98,346
22,459,346 subordinate voting shares (17,875,383 in 2000)	466,426	284,952
	\$ 564,772	\$ 383,298

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STOCK OPTION PLAN

As at November 30, 2000, the Corporation had outstanding stock options providing for the subscription of 164,024 subordinate voting shares. These stock options could be exercised at various prices from \$8.00 to \$40.75 and at various dates up to October 19, 2010.

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(CCA.)

CO: Cogeco Cable Inc.

ST: Quebec

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