Cogent Communications Holdings (CCOI)

Updated November 9th, 2025, by Derek English

Key Metrics

Current Price:	$24	**5 Year Annual Expected Total Return:**	3.3%	**Market Cap:**	$1.2 B
Fair Value Price:	$25	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	11/21/25
% Fair Value:	57%	**5 Year Valuation Multiple Estimate:**	1.0%	**Dividend Payment Date:**	12/08/25
Dividend Yield:	0.4%	**5 Year Price Target**	$28	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Communication Services	**Rating:**	Sell

Overview & Current Events

Cogent Communications Holdings (CCOI) was founded in 1999 on the premise that bandwidth can be treated and sold like a commodity. The company offers low-cost, high-speed internet access and private network services to small to medium-sized businesses in 50 countries worldwide. At the end of 2021, Cogent's global network carried over 20% of all Internet traffic. Cogent offers high-speed internet access across two distinct customer bases, Corporate or "On Net," which generates 59% of revenues, and Netcentric or high-bandwidth customers, which account for the remaining 41% of revenue. Cogent can offer on-net Internet access exclusively through its own facilities, eliminating the dependency on the local telephone and cable companies while offering speeds from as low as 100 Mbps to 400 Gbps. The company also serves Netcentric users or companies that like to deliver content to their customers, such as media service providers and web hosting companies. Netcentric users generally receive Cogent's services from neutral colocation facilities or Cogent's data centers, which operate throughout Europe and North America.

On November 6th, 2025, Cogent Communications reported Q3 2025 results for the period ending September 30th, 2025. Service revenue totaled $241.9 million, which was down 1.7% sequentially and lower by 5.9% year-over-year, as continued weakness in off-net and enterprise services offset gains in newer segments. On-net revenue rose 2.2% to $135.3 million, supported by increased IPv4 leasing and wavelength services, which grew 14% and 12% respectively. Adjusted EBITDA improved slightly to $73.8 million, representing a 30.5% margin, while GAAP EBITDA margin expanded to 20.2%. The company reported a net loss of $0.87 per share, narrower than last quarter's $1.21 loss. Cogent announced plans to sell two acquired data centers for $144 million in cash, further strengthening its balance sheet. Management continues to expand its wavelength network, now reaching 996 data centers across North America. The quarterly dividend of $0.02 per share is a huge dividend cut and breaks its the 52 consecutive quarterly increases.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.11	$0.33	$0.13	$0.63	$0.82	$0.14	$1.04	$0.11	$26.88	($4.28)	***$0.42***	***$0.46***
DPS	$1.34	$1.51	$1.80	$2.12	$2.44	$2.78	$3.17	$3.55	$3.76	$3.92	***$0.08***	***$0.08***
Shares[1]	45	45	45	46	46	47	47	47	47	47	***46***	***46***

Cogent's earnings per share have exhibited significant volatility over the past decade, ranging from as low as $(4.28) in 2024 to as high as $26.88 in 2023, largely influenced by one-time gains, income tax adjustments, and acquisition-related expenses. EPS spiked to $23.65 in 2023 due to a gain on the bargain purchase from the Sprint acquisition. Since then, integration costs, rising interest expense, and restructuring efforts have weighed heavily on profitability, with EPS turning negative in both 2024 and 2025. The company has also faced sequential revenue declines and elevated leverage, adding further pressure to the bottom line. Despite this, Cogent continues to post stable adjusted EBITDA, which reached $348.4 million in 2024. Historically, the company has grown adjusted EBITDA at a compounded annual rate of 9.2% since 2010, with revenue growing at 7.5% over the same period. However, given the current headwinds and unpredictable nature of

[1] Share count is in millions.

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net income, we are lowering our estimated long-term growth rate from 4% to 2% annually through 2030, reflecting a more cautious outlook.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	220.9	92.1	269.2	65.1	62.2	450.0	66.3	518.2	2.8	-18.0	***57.1***	***60.0***
Avg. Yld.	5.5%	5.0%	5.1%	5.2%	4.8%	4.4%	4.6%	6.2%	5.0%	5.1%	***0.4%***	***0.3%***

Valuing a company like Cogent can be tricky, as the earnings tend to fluctuate wildly. This has led the stock to have some extremely high P/E ratios, reaching a high of 1245 in 2014. The average P/E over the last ten years is 173. While challenging, we have a target P/E of 60, mainly due the challenges the company is facing. In addition, our 2030 target dividend yield of 0.3% is based on the recent significant dividend cut from $1.015 per quarter to $0.02 to reduce debt. We have lowered our five-year price target to $28 due to a lower projected growth rate and dividend.

Safety, Quality, Competitive Advantage, & Recession Resiliency

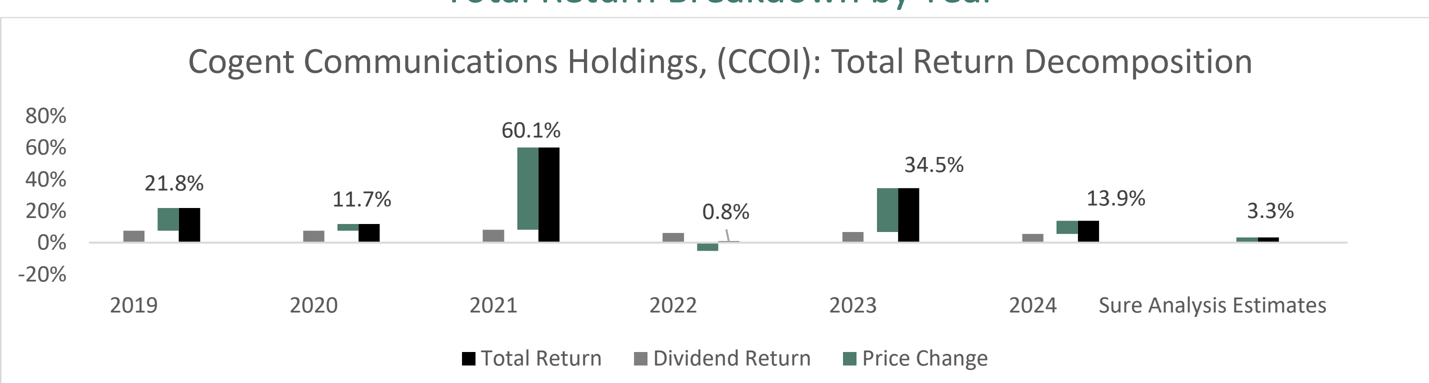
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	1218%	458%	1385%	337%	298%	1986%	305%	3227%	14%	-92%	***19%***	***17%***

Cogent has a transparent business model that targets the data communication needs of small to medium-sized businesses. Since the company was founded, it has been focused on delivering a narrow product set to its customers. A narrow product set can have significant cost advantages compared to a company like AT&T, which offers a broader product set to its customers. The company's transmission and network operations rely mainly on two sets of equipment, increasing control to give superior delivery. While they have over 25,000 corporate connections, this only accounts for a 5% market share, compared to the 95% market share they own with netcentric customers. This gives the customer plenty of scope to attract new customers.

Final Thoughts & Recommendation

Cogent's strength lies in its narrow focus on small to medium-sized businesses as it is a market leader within this niche due to their fast speeds and network reliability. In addition, the ability to keep costs low and not rely on third-party equipment to deliver its service is a huge plus. While the erratic nature of net income makes it hard to value this company, Cogent had previously consistently increased dividends and EBITDA. In past reports we noted that a major red flag for the company's was its ability to raise its dividend is the increasing debt load on the balance sheet. The payout ratio was also very concerning. Ultimately management have now decided to try and reduce its debt load by cutting the dividend and share buy back programs and we now rate CCOI as a sell.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	404	447	485	520	546	568	590	600	941	1,036
Gross Profit	230	253	276	301	326	349	363	371	397	394
Gross Margin	56.8%	56.6%	56.9%	57.8%	59.8%	61.4%	61.6%	61.8%	42.2%	38.0%
SG&A Exp.	113	121	128	134	147	158	162	163	275	276
D&A Exp.	71	75	76	81	80	83	89	92	232	298
Operating Profit	46	57	72	86	99	107	112	116	(111)	(180)
Operating Margin	11.4%	12.7%	14.9%	16.5%	18.2%	18.8%	19.0%	19.3%	(11.8%)	(17.4%)
Net Profit	5	15	6	29	38	6	48	5	1,273	(204)
Net Margin	1.2%	3.3%	1.2%	5.5%	6.9%	1.1%	8.2%	0.8%	135.3%	19.7%
Free Cash Flow	48	63	66	84	102	84	100	95	(112)	(203)
Income Tax	8	9	25	13	15	4	23	21	(54)	(56)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	663	738	711	740	932	1,000	985	1010	3,212	3,173
Cash & Equivalents	204	274	247	276	399	371	320	224	75	198
Accounts Receivable	31	34	39	42	40	44	42	44	135	97
Inventories	675	791	813	889	1,136	1,294	1,358	1,529	2,602	
Goodwill & Int. Ass.	12	12	12	9	11	10	12	27	48	471
Total Liabilities	445	560	561	631	782	870	891	944	946	2,950
Accounts Payable	(12)	(53)	(103)	(149)	(204)	(293)	(373)	(518)	610	40
Long-Term Debt	(36.3)	(10.5)	(5.47)	(4.24)	(3.84)	(2.97)	(2.39)	(1.82)	1.55	1,439
Shareholder's Equity	(12)	(53)	(103)	(149)	(204)	(293)	(373)	(518)	610	223
D/E Ratio	(36.3)	(10.5)	(5.47)	(4.24)	(3.84)	(2.97)	(2.39)	(1.82)	1.55	6.46

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.7%	2.1%	0.8%	4.0%	4.5%	0.6%	4.9%	0.5%	60.3%	(6.4%)
Return on Equity	13.7%	---	---	---	---	---	---	---	2.80%	(49.0%)
ROIC	1.0%	3.2%	1.2%	6.1%	7.1%	1.1%	8.8%	1.1%	128.6	(12.7%)
Shares Out.	45	45	45	46	46	47	47	47	47.8	47.6
Revenue/Share	8.95	9.96	10.74	11.36	11.85	12.17	12.56	12.70	19.67	21.75
FCF/Share	1.07	1.40	1.46	1.83	2.21	1.81	2.14	2.01	(2.35)	(4.28)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.