



EchoStar Announces Financial Results for Three and Nine Months Ending September 30, 2017

November 8, 2017

ENGLEWOOD, Colo., Nov. 8, 2017 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three and nine months ending September 30, 2017.



Three Months Ending September 30, 2017 Financial Highlights:

- Consolidated revenues of \$481 million.
- Consolidated net income from continuing operations of \$35.9 million, consolidated net income attributable to EchoStar common stock of \$34.7 million and diluted earnings per share of \$0.36.
- Consolidated EBITDA of \$220 million (see reconciliation of this non-GAAP measure below).

Nine Months Ended September 30, 2017 Financial Highlights:

- Consolidated revenue of \$1.38 billion.
- Consolidated net income from continuing operations of \$73.2 million, consolidated net income attributable to EchoStar common stock of \$80.5 million and diluted earnings per share of \$0.83.
- Consolidated EBITDA of \$588 million (see reconciliation of this non-GAAP measure below).

Additional Highlights:

- Approximately 1,140,000 Hughes broadband subscribers as of September 30, 2017.
- Cash, cash equivalents and current marketable investment securities of \$3.28 billion as of September 30, 2017

Starting with the quarter that ended March 31, 2017, we changed the way we present our segments. Previously, our business segments reflected an allocation of the costs of our corporate functions. Under our new presentation, these costs are no longer allocated to the operating segments and are now reported as part of the Corporate and Other segment (previously "All Other and Eliminations").

In addition, results of our EchoStar Technology segment, which was transferred to DISH Network Corporation in the Share Exchange transaction, are included in Discontinued Operations.

Set forth below is a table highlighting certain of EchoStar's segment results for the three and nine months ended September 30, 2017 and 2016:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Revenue				
Hughes	\$ 380,061	\$ 355,876	\$ 1,072,143	\$ 1,021,451
EchoStar Satellite Services	97,093	101,480	295,785	305,919
Corporate & Other	4,079	2,690	11,532	7,308
Total	\$ 481,233	\$ 460,046	\$ 1,379,460	\$ 1,334,678
EBITDA				
Hughes	\$ 131,817	\$ 125,522	\$ 342,693	\$ 353,505
EchoStar Satellite Services	78,345	84,257	241,873	257,181
Corporate & Other	9,699	(20,477)	3,472	(45,506)
Total	\$ 219,861	\$ 189,302	\$ 588,038	\$ 565,180
Net income (loss) attributable to EchoStar common stock	\$ 34,669	\$ 36,644	\$ 80,533	\$ 143,451
Diluted earnings per share (in dollars)	\$ 0.36	\$ 0.39	\$ 0.83	\$ 1.52
Net income from continuing operations	\$ 35,855	\$ 32,911	\$ 73,221	\$ 112,549
Capital expenditures from continuing operations	\$ 192,131	\$ 139,574	\$ 410,145	\$ 477,818

The following table reconciles total consolidated Net income to EBITDA.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			

Net income	\$ 35,201	\$ 37,410	\$ 79,675	\$ 141,762
Interest income and expense, net	43,634	31,057	126,156	66,650
Income tax provision	6,082	17,394	9,073	61,258
Depreciation and amortization	134,822	108,549	379,939	324,743
Net (income) loss from discontinued operations	654	(4,499)	(6,454)	(29,213)
Net income attributable to noncontrolling interests	(532)	(609)	(351)	(20)
EBITDA	<u>\$ 219,861</u>	<u>\$ 189,302</u>	<u>\$ 588,038</u>	<u>\$ 565,180</u>

Note on Use of Non-GAAP Financial Measures

EBITDA is defined as "Net income" excluding "Interest expense, net of amounts capitalized," "Interest income", "Income tax provision" and "Depreciation and amortization." EBITDA is not a measure determined in accordance with US GAAP. This non-GAAP measure is reconciled to net income in the table above. EBITDA should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding the underlying operating performance of our business. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors, and other interested parties to evaluate the performance of companies in our industry.

The consolidated financial statements of EchoStar for the periods ended September 30, 2017 and 2016 are attached to this press release. Detailed financial data and other information are available in EchoStar's Quarterly Report on Form 10-Q for the period ended September 30, 2017 filed today with the Securities and Exchange Commission.

EchoStar will host its earnings conference call on Wednesday, November 8, 2017 at 11:00 a.m. Eastern Time. The call-in numbers are (877) 815-1625 (toll-free) and (716) 247-5178 (international), Conference ID # 5279369.

About EchoStar Corporation

EchoStar Corporation (NASDAQ: SATS) is a premier global provider of satellite communications solutions. Headquartered in Englewood, Colo., and conducting business around the globe, EchoStar is a pioneer in secure communications technologies through its Hughes Network Systems and EchoStar Satellite Services business segments.

Safe Harbor Statement under the US Private Securities Litigation Reform Act of 1995

This press release may contain statements that are forward looking, as that term is defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. When used in this release, the words "believe," "anticipate," "estimate," "expect," "intend," "project," "plans," and similar expressions and the use of future dates are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. We assume no responsibility for the accuracy of forward-looking statements or information or for updating forward-looking information or statements. These statements are subject to certain risks, uncertainties, and assumptions. See "Risk Factors" in EchoStar's Annual Report on Form 10-K for the period ended December 31, 2016 and Quarterly Report on Form 10-Q for the period ended September 30, 2017, each as filed with the Securities and Exchange Commission and in the other documents EchoStar files with the Securities and Exchange Commission from time to time.

ECHOSTAR CORPORATION Condensed Consolidated Balance Sheets (Dollars in thousands, except per-share amounts)

	As of	
	September 30, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,798,359	\$ 2,570,365
Marketable investment securities, at fair value	485,035	522,516
Trade accounts receivable, net of allowance for doubtful accounts of \$13,211 and \$12,956, respectively	192,387	182,527
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	52,512	19,417
Inventory	91,232	62,620
Prepays and deposits	53,536	43,456
Other current assets	12,746	10,862
Current assets of discontinued operations	145	311,524
Total current assets	<u>3,685,952</u>	<u>3,723,287</u>
Noncurrent Assets:		
Restricted cash and marketable investment securities	13,736	12,926
Property and equipment, net of accumulated depreciation of \$2,551,678 and \$2,598,492, respectively	3,530,459	3,398,195
Regulatory authorizations, net	545,557	544,633
Goodwill	504,173	504,173
Other intangible assets, net	62,635	80,734
Investments in unconsolidated entities	165,290	171,016
Other receivable - DISH Network	92,133	90,586
Other noncurrent assets, net	207,221	166,385
Noncurrent assets of discontinued operations	—	316,924
Total noncurrent assets	<u>5,121,204</u>	<u>5,285,572</u>
Total assets	<u>\$ 8,807,156</u>	<u>\$ 9,008,859</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 120,436	\$ 170,297
Trade accounts payable - DISH Network	6,556	1,072
Current portion of long-term debt and capital lease obligations	38,407	32,984
Deferred revenue and prepayments	56,285	59,989
Accrued interest	57,837	46,487
Accrued compensation	37,096	53,454

Accrued expenses and other	110,872	95,726
Current liabilities of discontinued operations	542	71,429
Total current liabilities	<u>428,031</u>	<u>531,438</u>
Noncurrent Liabilities:		
Long-term debt and capital lease obligations, net of unamortized debt issuance costs	3,605,715	3,622,463
Deferred tax liabilities, net	745,965	746,667
Other noncurrent liabilities	131,626	90,785
Noncurrent liabilities of discontinued operations	—	10,701
Total noncurrent liabilities	<u>4,483,306</u>	<u>4,470,616</u>
Total liabilities	<u>4,911,337</u>	<u>5,002,054</u>
Commitments and Contingencies (Note 14)		
Stockholders' Equity:		
Preferred stock, \$.001 par value, 20,000,000 shares authorized:		
Hughes Retail Preferred Tracking Stock, \$.001 par value, zero authorized, issued and outstanding at September 30, 2017 and 13,000,000 shares authorized and 6,290,499 issued and outstanding at December 31, 2016	—	6
Common stock, \$.001 par value, 4,000,000,000 shares authorized:		
Class A common stock, \$.001 par value, 1,600,000,000 shares authorized, 53,564,095 shares issued and 48,031,777 shares outstanding at September 30, 2017 and 52,243,465 shares issued and 46,711,147 shares outstanding at December 31, 2016	54	52
Class B common stock, \$.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of September 30, 2017 and December 31, 2016	48	48
Class C common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of September 30, 2017 and December 31, 2016	—	—
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of September 30, 2017 and December 31, 2016	—	—
Additional paid-in capital	3,660,696	3,828,677
Accumulated other comprehensive loss	(88,732)	(124,803)
Accumulated earnings	408,079	314,247
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity	3,881,983	3,920,065
Noncontrolling interest in HSS Tracking Stock	—	73,910
Other noncontrolling interests	13,836	12,830
Total stockholders' equity	<u>3,895,819</u>	<u>4,006,805</u>
Total liabilities and stockholders' equity	<u>\$ 8,807,156</u>	<u>\$ 9,008,859</u>

ECHOSTAR CORPORATION
Condensed Consolidated Statements of Operations
(In thousands)

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2017	2016	2017	2016
Revenue:				
Services and other revenue - DISH Network	\$ 111,135	\$ 115,127	\$ 339,824	\$ 347,440
Services and other revenue - other	310,973	276,280	865,817	820,149
Equipment revenue - DISH Network	126	2,138	175	7,008
Equipment revenue - other	58,999	66,501	173,644	160,081
Total revenue	<u>481,233</u>	<u>460,046</u>	<u>1,379,460</u>	<u>1,334,678</u>
Costs and Expenses:				
Cost of sales - services and other (exclusive of depreciation and amortization)	138,641	131,594	404,448	384,942
Cost of sales - equipment (exclusive of depreciation and amortization)	52,051	53,599	153,854	143,252
Selling, general and administrative expenses	91,003	80,672	263,820	240,454
Research and development expenses	8,302	9,030	23,444	23,524
Depreciation and amortization	134,822	108,549	379,939	324,743
Total costs and expenses	<u>424,819</u>	<u>383,444</u>	<u>1,225,505</u>	<u>1,116,915</u>
Operating income	<u>56,414</u>	<u>76,602</u>	<u>153,955</u>	<u>217,763</u>
Other Income (Expense):				
Interest income	12,012	6,259	30,342	13,726
Interest expense, net of amounts capitalized	(55,646)	(37,316)	(156,498)	(80,376)
Gains on investments, net	20,090	230	33,962	8,179
Other-than-temporary impairment loss on available-for-sale securities	—	—	(3,298)	—
Equity in earnings of unconsolidated affiliates, net	4,381	4,166	15,620	8,984
Other, net	4,686	364	8,211	5,531
Total other expense, net	<u>(14,477)</u>	<u>(26,297)</u>	<u>(71,661)</u>	<u>(43,956)</u>
Income from continuing operations before income taxes	41,937	50,305	82,294	173,807
Income tax provision	(6,082)	(17,394)	(9,073)	(61,258)
Net income from continuing operations	35,855	32,911	73,221	112,549
Net income (loss) from discontinued operations	(654)	4,499	6,454	29,213
Net income	35,201	37,410	79,675	141,762
Less: Net income (loss) attributable to noncontrolling interest in HSS Tracking Stock	—	85	(655)	(926)
Less: Net income attributable to other noncontrolling interests	532	524	1,006	946
Net income attributable to EchoStar	34,669	36,801	79,324	141,742
Less: Net income (loss) attributable to Hughes Retail Preferred Tracking Stock	—	157	(1,209)	(1,709)
Net income attributable to EchoStar common stock	<u>\$ 34,669</u>	<u>\$ 36,644</u>	<u>\$ 80,533</u>	<u>\$ 143,451</u>
Amounts attributable to EchoStar common stock:				
Net income from continuing operations	\$ 35,323	\$ 32,145	\$ 74,079	\$ 114,238
Net income (loss) from discontinued operations	(654)	4,499	6,454	29,213
Net income attributable to EchoStar common stock	<u>\$ 34,669</u>	<u>\$ 36,644</u>	<u>\$ 80,533</u>	<u>\$ 143,451</u>

Weighted-average common shares outstanding - Class A and B common stock:

Basic	<u>95,656</u>	<u>93,898</u>	<u>95,316</u>	<u>93,661</u>
Diluted	<u>96,890</u>	<u>94,401</u>	<u>96,626</u>	<u>94,189</u>
Earnings (loss) per share - Class A and B common stock:				
Basic:				
Continuing operations	\$ 0.37	\$ 0.34	\$ 0.78	\$ 1.22
Discontinued operations	<u>(0.01)</u>	<u>0.05</u>	<u>0.06</u>	<u>0.31</u>
Total basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.39</u>	<u>\$ 0.84</u>	<u>\$ 1.53</u>
Diluted:				
Continuing operations	\$ 0.36	\$ 0.34	\$ 0.77	\$ 1.21
Discontinued operations	<u>—</u>	<u>0.05</u>	<u>0.06</u>	<u>0.31</u>
Total diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.39</u>	<u>\$ 0.83</u>	<u>\$ 1.52</u>

ECHOSTAR CORPORATION
Condensed Consolidated Statements of Cash Flows
(In thousands)

	For the Nine Months Ended September 30,	
	2017	2016
Cash Flows from Operating Activities:		
Net income	\$ 79,675	\$ 141,762
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	391,598	370,872
Equity in earnings of unconsolidated affiliates, net	(14,461)	(11,181)
Gain and impairment on investments, net	(30,664)	(8,179)
Stock-based compensation	7,169	11,953
Deferred tax provision	7,924	71,422
Dividends received from unconsolidated entities	15,000	15,000
Proceeds from sale of trading securities	8,922	7,140
Changes in current assets and current liabilities, net	144,677	(47,013)
Changes in noncurrent assets and noncurrent liabilities, net	(23,474)	8,097
Other, net	5,570	14,836
Net cash flows from operating activities	<u>591,936</u>	<u>574,709</u>
Cash Flows from Investing Activities:		
Purchases of marketable investment securities	(319,912)	(883,288)
Sales and maturities of marketable investment securities	376,648	643,865
Expenditures for property and equipment	(422,661)	(533,669)
Refunds and other receipts related to capital expenditures	—	24,087
Changes in restricted cash and marketable investment securities	(810)	7,351
Investments in unconsolidated entities	—	(1,636)
Sale of investment in unconsolidated entity	17,781	—
Expenditures for externally marketed software	(25,447)	(17,991)
Other, net	—	1,462
Net cash flows from investing activities	<u>(374,401)</u>	<u>(759,819)</u>
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt	—	1,500,000
Payments of debt issuance costs	(414)	(6,275)
Repayment of debt and capital lease obligations	(26,394)	(30,615)
Net proceeds from Class A common stock options exercised	33,156	4,679
Net proceeds from Class A common stock issued under the Employee Stock Purchase Plan	6,938	11,478
Cash exchanged for Tracking Stock	(651)	—
Other, net	(3,968)	(3,373)
Net cash flows from financing activities	<u>8,667</u>	<u>1,475,894</u>
Effect of exchange rates on cash and cash equivalents	1,014	684
Net increase in cash and cash equivalents	227,216	1,291,468
Cash and cash equivalents, beginning of period	2,571,143	924,240
Cash and cash equivalents, end of period	<u>\$ 2,798,359</u>	<u>\$ 2,215,708</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest (including capitalized interest)	<u>\$ 183,451</u>	<u>\$ 97,044</u>
Capitalized interest	<u>\$ 45,496</u>	<u>\$ 70,386</u>
Cash paid for income taxes	<u>\$ 10,071</u>	<u>\$ 9,187</u>
Employee benefits paid in Class A common stock	<u>\$ 11,200</u>	<u>\$ 11,126</u>
Property and equipment financed under capital lease obligations	<u>\$ 8,423</u>	<u>\$ 7,172</u>
Increase (decrease) in capital expenditures included in accounts payable, net	<u>\$ (3,494)</u>	<u>\$ 21,951</u>
Capitalized in-orbit incentive obligations	<u>\$ 43,890</u>	<u>\$ —</u>
Noncash net assets exchanged for Tracking Stock	<u>\$ 299,425</u>	<u>\$ —</u>

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