EchoStar Announces Financial Results for the Three Months Ended March 31, 2024

May 8, 2024

ENGLEWOOD, Colo., May 8, 2024 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) announced its financial results for the three months ended March 31, 2024.

Three Months Ended March 31, 2024:

- EchoStar reported total revenue of $4.01 billion for the first quarter 2024, compared to $4.39 billion in the year ago quarter.
- Net loss attributable to EchoStar in the first quarter 2024 was $107.38 million, compared to net income of $253.53 million in the year ago quarter. Diluted loss per share was $0.40, compared to earnings per share of $0.82 in the year ago quarter.
- Consolidated OIBDA totaled $470.16 million in the first quarter, compared to $701.09 million in the year ago quarter. (See OBIDA definition and non-GAAP reconciliation below.)

"The EchoStar team performed as planned in the first quarter of 2024. We concentrated efforts on integrating the EchoStar and DISH Network businesses in order to maximize synergies and cost savings, facilitate growth opportunities, and drive operational alignment. Overall, ARPU increased in every business unit and customer satisfaction has improved," said Hamid Akhavan, president and CEO, EchoStar Corporation. "In addition, the business continues to focus on addressing necessary financing, improving our position in Retail Wireless, densifying and expanding the wireless network, maximizing our profitability with the newly launched EchoStar XXIV/Jupiter™ 3, and acquiring higher-quality Pay-TV customers."

Three Months Ended March 31, 2024 - Additional Information:

- Net Pay-TV subscribers decreased approximately 348,000 in the first quarter, compared to a decrease of approximately 552,000 in the year-ago quarter. The company closed the quarter with 8.18 million Pay-TV subscribers including 6.26 million DISH TV subscribers and 1.92 million SLING TV subscribers. This change in net Pay-TV losses resulted from the decrease in net DISH TV subscriber losses due to a lower DISH TV churn rate and the decrease in net SLING TV subscriber losses, both resulting from our emphasis on acquiring higher quality subscribers, offset by lower gross new DISH TV subscriber activations.
- Retail Wireless net subscribers decreased by approximately 81,000 in both the first quarter and in the year-ago quarter. The company closed the quarter with 7.30 million Retail Wireless subscribers. The three months ended March 31, 2024, was positively impacted by a lower Retail Wireless churn rate, partially offset by lower gross new Retail Wireless subscriber activations and lower net ACP/Gen Mobile subscriber additions.
- Broadband net subscribers decreased by approximately 26,000 in the first quarter, compared to a decrease of 51,000 in the year-ago quarter. The company closed the quarter with 978,000 Broadband subscribers. The decrease in net Broadband subscriber losses was primarily due to the new EchoStar XXIV satellite service launch and increased subscriber demand for our new satellite service plans.

Set forth below is a table highlighting certain of EchoStar's segment results for the three months ended March 31, 2024 and 2023 (all U.S. GAAP amounts reference results from operations):

	For the Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Revenue		
Pay-TV	$ 2,726,578	$ 2,972,131

Retail Wireless	905,850	974,866
5G Network Deployment	29,504	18,907
Broadband and Satellite Services	382,586	439,596
All Other & Eliminations	(29,675)	(17,834)
Total	$ 4,014,843	$ 4,387,666
Net Income (loss) attributable to EchoStar	$ (107,376)	$ 253,534
OIBDA		
Pay-TV	$ 755,510	$ 777,808
Retail Wireless	(17,518)	34,638
5G Network Deployment	(333,564)	(235,976)
Broadband and Satellite Services	79,287	130,823
All Other & Eliminations	(13,559)	(6,201)
Total	$ 470,156	$ 701,092
Purchases of property and equipment, net of refunds (including capitalized interest related to regulatory authorizations)		
Pay-TV	$ 57,912	$ 35,563
Retail Wireless	$ -	-
5G Network Deployment	$ 549,173	871,042
Broadband and Satellite Services	$ 70,611	44,071
All Other & Eliminations	$ -	-
Total	$ 677,696	$ 950,676

Reconciliation of GAAP to Non-GAAP Measurement:

For the three months Ended March 31, 2024	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
			(In thousands)			
Segment operating income (loss)	$ 670,108	(74,417)	(570,751)	(39,554)	(630)	(15,244)
Depreciation and amortization	85,402	56,899	237,187	118,841	(12,929)	485,400
OIBDA	$ 755,510	$ (17,518)	$ (333,564)	$ 79,287	$ (13,559)	$ 470,156

For the three months Ended March 31, 2023	Pay-TV	Retail Wireless	5G Network Deployment	Broadband and Satellite Services	Eliminations	Consolidated
			(In thousands)			
Segment operating income (loss)	$ 675,233	(18,207)	(333,603)	27,705	2,210	353,338
Depreciation and amortization	102,575	52,845	97,627	103,118	(8,411)	347,754
OIBDA	$ 777,808	$ 34,638	$ (235,976)	$ 130,823	$ (6,201)	$ 701,092

Note on Use of Non-GAAP Financial Measures

OIBDA is defined as "Operating income (loss)" plus "Depreciation and amortization."

OIBDA, which is presented by segment above, is a non-GAAP measure reconciled to "Operating income (loss)" and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability of our business segments on a more variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions for those business segments, as well as in evaluating operating performance in relation to our competitors.

The condensed consolidated financial statements of EchoStar for the period ended March 31, 2024, are attached to this press release. Detailed financial data and other information are available in EchoStar's Form 10-Q for the period ended March 31, 2024, filed today with the Securities and Exchange Commission.

EchoStar will host a conference call to discuss its earnings on Wednesday, May 8, 2024, at noon Eastern Time. The conference call will be broadcast live in listen-only mode on EchoStar's investor relations website at ir.echostar.com. To attend the call, please dial: (877) 484-6065 (U.S.) or (201) 689-8846. When prompted on dial-in, please utilize the conference ID (13746414) or ask for the "EchoStar Corporation Q1 2024 Earnings Conference Call." Please dial in at least 10 minutes before the call to ensure timely participation.

About EchoStar Corporation

EchoStar Corporation (Nasdaq: SATS) is a premier provider of technology, networking services, television entertainment and connectivity, offering consumer, enterprise, operator and government solutions worldwide under its EchoStar®, Boost Mobile®, Sling TV, DISH TV, Hughes®, HughesNet®, HughesON™, and JUPITER™ brands. In Europe, EchoStar operates under its EchoStar Mobile Limited subsidiary and in Australia, the company operates as EchoStar Global Australia. For more information, visit www.echostar.com and follow EchoStar on X (Twitter) and LinkedIn.

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," "goal," "seek," "estimate," "expect," "intend," "project," "continue," "future," "will," "would," "can," "may," "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, 2023 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 share amounts)
(Unaudited)

	As of	
	March 31, 2024	**December 31, 2023**
Assets		
Current Assets:		
Cash and cash equivalents	$ 613,702	$ 1,821,376
Marketable investment securities	152,649	623,044
Trade accounts receivable, net of allowance for credit losses of $84,906 and $74,390, respectively	1,023,089	1,122,139
Inventory	632,952	665,169
Prepaids and other assets	677,982	644,005
Other current assets	16,165	16,081
Total current assets	3,116,539	4,891,814
Noncurrent Assets:		
Restricted cash, cash equivalents and marketable investment securities	120,979	118,065
Property and equipment, net	9,589,433	9,561,834
Regulatory authorizations, net	38,809,600	38,572,980
Other investments, net	309,189	314,370
Operating lease assets	3,092,070	3,065,448
Intangible assets, net	127,670	172,892
Other noncurrent assets, net	390,937	411,491
Total noncurrent assets	52,439,878	52,217,080
Total assets	$ 55,556,417	$ 57,108,894
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 573,299	$ 774,011
Deferred revenue and other	712,783	754,658

Accrued programming	1,485,798	1,427,762
Accrued interest	408,134	297,678
Other accrued expenses and liabilities	1,734,288	1,717,826
Current portion of long-term debt and finance lease obligations	2,090,661	3,046,654
Total current liabilities	7,004,963	8,018,589
Long-Term Obligations, Net of Current Portion:		
Long-term debt and finance lease obligations, net of current portion	19,696,803	19,717,266
Deferred tax liabilities, net	4,998,855	5,014,309
Operating lease liabilities	3,157,720	3,121,307
Long-term deferred revenue and other long-term liabilities	856,926	849,131
Total long-term obligations, net of current portion	28,710,304	28,702,013
Total liabilities	35,715,267	36,720,602
Commitments and Contingencies		
Redeemable noncontrolling interests	—	438,382
Stockholders' Equity (Deficit):		
Class A common stock, $0.001 par value, 1,600,000,000 shares authorized, 140,170,052 and 140,153,020 shares issued and outstanding, respectively	140	140
Class B common stock, $0.001 par value, 800,000,000 shares authorized, 131,348,468 shares issued and outstanding	131	131
Additional paid-in capital	8,310,877	8,301,979
Accumulated other comprehensive income (loss)	(164,604)	(160,056)
Accumulated earnings (deficit)	11,630,607	11,737,983
Total EchoStar stockholders' equity (deficit)	19,777,151	19,880,177
Noncontrolling interests	63,999	69,733
Total stockholders' equity (deficit)	19,841,150	19,949,910
Total liabilities and stockholders' equity (deficit)	$ 55,556,417	$ 57,108,894

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended March 31,	
	2024	**2023**
Revenue:		
Service revenue	$ 3,819,673	$ 4,180,721
Equipment sales and other revenue	195,170	206,945
Total revenue	4,014,843	4,387,666
Costs and Expenses (exclusive of depreciation and amortization):		
Cost of services	2,557,182	2,462,600
Cost of sales - equipment and other	363,083	520,060
Selling, general and administrative expenses	624,422	700,772
Depreciation and amortization	485,400	347,754
Impairment of long-lived assets and goodwill	—	3,142
Total costs and expenses	4,030,087	4,034,328
Operating income (loss)	(15,244)	353,338
Other Income (Expense):		
Interest income, net	30,462	68,186

Interest expense, net of amounts capitalized	(99,408)	(20,033)
Other, net	(26,110)	(34,761)
Total other income (expense)	(95,056)	13,392
Income (loss) before income taxes	(110,300)	366,730
Income tax (provision) benefit, net	1,925	(93,885)
Net income (loss)	(108,375)	272,845
Less: Net income (loss) attributable to noncontrolling interests, net of tax	(999)	19,311
Net income (loss) attributable to EchoStar	$ (107,376)	$ 253,534
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	271,519	269,833
Diluted	271,519	307,410
Earnings per share - Class A and B common stock:		
Basic net income (loss) per share attributable to EchoStar	$ (0.40)	$ 0.94
Diluted net income (loss) per share attributable to EchoStar	$ (0.40)	$ 0.82

ECHOSTAR CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Three Months Ended March 31,	
	2024	**2023**
Cash Flows From Operating Activities:		
Net income (loss)	$ (108,375)	$ 272,845
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	485,400	347,754
Impairment of long-lived assets and goodwill	—	3,142
Realized and unrealized losses (gains) on investments, impairments and other	23,893	7,368
Realized and unrealized losses (gains) on derivatives	—	28,961
Non-cash, stock-based compensation	9,058	14,628
Deferred tax expense (benefit)	(11,688)	77,265
Changes in allowance for credit losses	10,516	1,004
Change in long-term deferred revenue and other long-term liabilities	(3,871)	(8,027)
Other, net	64,914	34,380
Changes in current assets and current liabilities, net	(18,588)	10,627
Net cash flows from operating activities	451,259	789,947
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(19,135)	(606,676)
Sales and maturities of marketable investment securities	458,792	1,372,198
Purchases of property and equipment	(519,612)	(766,281)
Refunds and other receipts of purchases of property and equipment	—	15,000
Capitalized interest related to regulatory authorizations	(158,084)	(199,395)
Purchases of regulatory authorizations, including deposits	(1,104)	(1,771)
Other, net	998	(17,933)
Net cash flows from investing activities	(238,145)	(204,858)
Cash Flows From Financing Activities:		
Repayment of long-term debt and finance lease obligations	(27,125)	(27,255)

Redemption and repurchases of convertible and senior notes	(951,168)	(1,443,179)
Proceeds from issuance of senior notes	—	1,500,000
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	(160)	3,967
Purchase of SNR Management's ownership interest in SNR HoldCo	(441,998)	—
Proceeds from accrued interest in conjunction with the issuance of senior notes	—	34,760
Debt issuance costs and debt (discount) premium	—	21,635
Other, net	—	(5,073)
Net cash flows from financing activities	(1,420,451)	84,855
Effect of exchange rates on cash and cash equivalents	(849)	1,677
Net increase (decrease) in cash, cash equivalents, restricted cash and cash equivalents	(1,208,186)	671,621
Cash, cash equivalents, restricted cash and cash equivalents, beginning of period	1,911,601	2,561,803
Cash, cash equivalents, restricted cash and cash equivalents, end of period	$ 703,415	$ 3,233,424

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