



August 9, 2016

EchoStar Announces Financial Results for Three and Six Months Ending June 30, 2016

ENGLEWOOD, Colo., Aug. 9, 2016 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three and six months ending June 30, 2016.



Three Months Ending June 30, 2016 Financial Highlights:

- | Consolidated revenues of \$758 million.
- | Consolidated net income of \$56 million.
- | Consolidated net income attributable to EchoStar common stock of \$56 million and diluted earnings per share of \$0.60.
- | Consolidated EBITDA of \$221 million (see reconciliation of this non-GAAP measure below).
- | Approximately 1,030,000 Hughes consumer broadband subscribers as of June 30, 2016.

Six Months Ended June 30, 2016 Financial Highlights:

- | Consolidated revenue of \$1.57 billion.
- | Consolidated net income of \$104 million.
- | Consolidated net income attributable to EchoStar common stock of \$107 million and diluted earnings per share of \$1.14.
- | Consolidated EBITDA of \$443 million (see reconciliation of this non-GAAP measure below).
- | Strong liquidity with cash, cash equivalents and current marketable investment securities of \$1.51 billion as of June 30, 2016.

Set forth below is a table highlighting certain of EchoStar's segment results for the three and six months ended June 30, 2016 and 2015:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	(Dollars in thousands)			
Revenue				
Hughes	\$ 339,337	\$ 335,185	\$ 665,575	\$ 660,465
EchoStar Technologies Corp.	314,937	331,952	700,063	678,172
EchoStar Satellite Services	101,450	124,589	204,439	249,987
All Other & Eliminations	1,905	1,869	3,911	3,624
Total	\$ 757,629	\$ 793,595	\$ 1,573,988	\$ 1,592,248
EBITDA				
Hughes	\$ 106,379	\$ 103,414	\$ 205,847	\$ 194,687
EchoStar Technologies Corp.	19,912	29,257	48,080	54,818
EchoStar Satellite Services	83,826	103,558	172,012	209,977
All Other & Eliminations	10,487	(23,911)	17,461	(33,483)
Total	\$ 220,604	\$ 212,318	\$ 443,400	\$ 425,999
Net income (loss) attributable to EchoStar common stock	\$ 56,133	\$ 33,900	\$ 106,807	\$ 67,302
Diluted earnings per share (in dollars)	\$ 0.60	\$ 0.36	\$ 1.14	\$ 0.72
Net income	\$ 55,909	\$ 31,013	\$ 104,352	\$ 58,611

Capital expenditures	\$ 141,633	\$ 179,108	\$ 352,769	\$ 356,910
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The following table reconciles total consolidated EBITDA to net income.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Net income	\$ 55,909	\$ 31,013	\$ 104,352	\$ 58,611
Less: Interest income and expense, net	(16,424)	(29,235)	(35,668)	(61,932)
Less: Income tax provision	(27,889)	(18,863)	(55,552)	(37,264)
Less: Depreciation and amortization	(120,505)	(132,470)	(247,239)	(265,655)
Less: Net income (loss) attributable to noncontrolling interest in HSS Tracking Stock and other noncontrolling interests	123	(737)	(589)	(2,537)
EBITDA	\$ 220,604	\$ 212,318	\$ 443,400	\$ 425,999

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 June 30, 2016 and 2015 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 three months ended June 30, 2016 filed today with the Securities and Exchange Commission.

EchoStar will host its earnings conference call on Tuesday, August 9, 2016 at 11:00 a.m. Eastern Time. The call-in numbers are (877) 815-1625 (toll-free) and (716) 247-5178 (international), Conference ID # 56393075.

About EchoStar Corporation

EchoStar Corporation (NASDAQ: SATS) is a premier global provider of satellite and video delivery solutions. Headquartered in Englewood, Colo., and conducting business around the globe, EchoStar is a pioneer in secure communications technologies through its EchoStar Satellite Services, EchoStar Technologies and Hughes Network Systems business segments. For more information, visit echostar.com. Follow [@EchoStar](https://twitter.com/EchoStar) on Twitter.

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 Quarterly Report on Form 10-Q for the three months ended June 30, 2016, filed today 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
Consolidated Balance Sheets
(Dollars in thousands, except per-share amounts)

	As of	
	June 30, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 761,840	\$ 924,240
Marketable investment securities, at fair value	745,844	612,338
Trade accounts receivable, net of allowance for doubtful accounts of \$13,030 and \$12,485, respectively	156,064	179,240
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	340,955	277,159
Inventory	72,392	67,010
Prepays and deposits	58,334	56,949
Other current assets	10,429	16,723
Total current assets	<u>2,145,858</u>	<u>2,133,659</u>
Noncurrent Assets:		
Restricted cash and marketable investment securities	22,691	21,002
Property and equipment, net of accumulated depreciation of \$3,202,386 and \$2,998,074, respectively	3,569,168	3,412,990
Regulatory authorizations, net	548,272	543,812
Goodwill	510,630	510,630
Other intangible assets, net	108,521	132,653
Investments in unconsolidated entities	202,023	209,264
Other receivable - DISH Network	91,376	90,966
Other noncurrent assets, net	162,854	154,510
Total noncurrent assets	<u>5,215,535</u>	<u>5,075,827</u>
Total assets	<u>\$ 7,361,393</u>	<u>\$ 7,209,486</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 206,132	\$ 213,671
Trade accounts payable - DISH Network	18,829	24,682
Current portion of long-term debt and capital lease obligations	38,494	35,698
Deferred revenue and prepayments	67,516	61,881
Accrued compensation	39,945	29,767
Accrued royalties	23,634	22,531
Accrued expenses and other	104,880	138,601
Total current liabilities	<u>499,430</u>	<u>526,831</u>
Noncurrent Liabilities:		
Long-term debt and capital lease obligations, net of unamortized debt issuance costs	2,144,479	2,156,667
Deferred tax liabilities, net	705,376	650,392
Other noncurrent liabilities	92,757	93,954
Total noncurrent liabilities	<u>2,942,612</u>	<u>2,901,013</u>
Total liabilities	<u>3,442,042</u>	<u>3,427,844</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, 13,000,000 shares authorized, 6,290,499 issued and outstanding at each of June 30, 2016 and December 31, 2015	6	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, 51,716,369 shares issued and 46,184,051 shares outstanding at June 30, 2016 and 51,087,839 shares issued and 45,555,521 shares outstanding at December 31, 2015	52	51
Class B common stock, \$.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of June 30, 2016 and December 31, 2015	48	48
Class C common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2016 and December 31, 2015	—	—
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2016 and December 31, 2015	—	—
Additional paid-in capital	3,804,580	3,776,451
Accumulated other comprehensive loss	(111,820)	(117,233)
Accumulated earnings	239,258	134,317
Treasury stock, at cost	<u>(98,162)</u>	<u>(98,162)</u>

Total EchoStar stockholders' equity	3,833,962	3,695,478
Noncontrolling interest in HSS Tracking Stock	73,843	74,854
Other noncontrolling interests	11,546	11,310
Total stockholders' equity	<u>3,919,351</u>	<u>3,781,642</u>
Total liabilities and stockholders' equity	<u>\$ 7,361,393</u>	<u>\$ 7,209,486</u>

ECHOSTAR CORPORATION
Consolidated Statements of Operations
(Dollars in thousands, except per-share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue:				
Equipment revenue - DISH Network	\$ 185,148	\$ 196,134	\$ 434,761	\$ 420,093
Equipment revenue - other	76,403	87,772	156,880	166,908
Services and other revenue - DISH Network	220,199	235,953	433,926	458,757
Services and other revenue - other	275,879	273,736	548,421	546,490
Total revenue	<u>757,629</u>	<u>793,595</u>	<u>1,573,988</u>	<u>1,592,248</u>
Costs and Expenses:				
Cost of sales - equipment (exclusive of depreciation and amortization)	222,875	238,623	509,738	498,846
Cost of sales - services and other (exclusive of depreciation and amortization)	207,488	217,765	404,650	426,005
Selling, general and administrative expenses	96,143	90,704	194,836	188,632
Research and development expenses	20,732	19,685	41,174	37,557
Depreciation and amortization	120,505	132,470	247,239	265,655
Total costs and expenses	<u>667,743</u>	<u>699,247</u>	<u>1,397,637</u>	<u>1,416,695</u>
Operating income	<u>89,886</u>	<u>94,348</u>	<u>176,351</u>	<u>175,553</u>
Other Income (Expense):				
Interest income	3,503	2,723	7,469	5,334
Interest expense, net of amounts capitalized	(19,927)	(31,958)	(43,137)	(67,266)
Loss from partial redemption of debt	—	(5,044)	—	(5,044)
Gains (losses) on marketable investment securities, net	5,487	(1,613)	7,949	(1,604)
Other-than-temporary impairment loss on available-for-sale securities	—	(4,649)	—	(4,649)
Equity in earnings (losses) of unconsolidated affiliates, net	6,980	(203)	6,017	(256)
Other, net	(2,131)	(3,728)	5,255	(6,193)
Total other expense, net	<u>(6,088)</u>	<u>(44,472)</u>	<u>(16,447)</u>	<u>(79,678)</u>
Income before income taxes	83,798	49,876	159,904	95,875
Income tax provision	(27,889)	(18,863)	(55,552)	(37,264)
Net income	<u>55,909</u>	<u>31,013</u>	<u>104,352</u>	<u>58,611</u>
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(188)	(1,165)	(1,011)	(3,334)
Less: Net income attributable to other noncontrolling interests	311	428	422	797
Net income attributable to EchoStar	55,786	31,750	104,941	61,148
Less: Net loss attributable to Hughes Retail Preferred Tracking Stock (Note 4)	(347)	(2,150)	(1,866)	(6,154)
Net income attributable to EchoStar common stock	<u>\$ 56,133</u>	<u>\$ 33,900</u>	<u>\$ 106,807</u>	<u>\$ 67,302</u>
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	<u>93,751</u>	<u>92,283</u>	<u>93,541</u>	<u>92,127</u>
Diluted	<u>94,330</u>	<u>93,514</u>	<u>94,090</u>	<u>93,437</u>
Earnings per share - Class A and B common stock:				
Basic	<u>\$ 0.60</u>	<u>\$ 0.37</u>	<u>\$ 1.14</u>	<u>\$ 0.73</u>
Diluted	<u>\$ 0.60</u>	<u>\$ 0.36</u>	<u>\$ 1.14</u>	<u>\$ 0.72</u>
Comprehensive Income:				
Net income	<u>\$ 55,909</u>	<u>\$ 31,013</u>	<u>\$ 104,352</u>	<u>\$ 58,611</u>
Other comprehensive income (loss), net of tax:				

Foreign currency translation adjustments	(338)	2,994	11,286	(23,406)
Recognition of foreign currency translation loss in net income	—	1,889	—	1,889
Unrealized gains (losses) on available-for-sale securities and other	(1,988)	(2,053)	(485)	(835)
Recognition of other-than-temporary loss on available-for-sale securities in net income	—	4,649	—	4,649
Recognition of realized gains on available-for-sale securities in net income	(3,327)	(11)	(5,574)	(20)
Total other comprehensive income (loss), net of tax	(5,653)	7,468	5,227	(17,723)
Comprehensive income	50,256	38,481	109,579	40,888
Less: Comprehensive loss attributable to noncontrolling interest in HSS Tracking Stock	(188)	(1,165)	(1,011)	(3,334)
Less: Comprehensive income attributable to other noncontrolling interests	125	428	236	797
Comprehensive income attributable to EchoStar	\$ 50,319	\$ 39,218	\$ 110,354	\$ 43,425

ECHOSTAR CORPORATION
Consolidated Statements of Cash Flows
(In thousands)

	For the Six Months Ended June 30,	
	2016	2015
Cash Flows from Operating Activities:		
Net income	\$ 104,352	\$ 58,611
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	247,239	265,655
Equity in losses (earnings) of unconsolidated affiliates, net	(6,017)	256
Loss from partial redemption of debt	—	5,044
Loss (gain) and impairment on marketable investment securities, net	(7,949)	6,253
Stock-based compensation	8,328	10,288
Deferred tax provision	53,091	36,255
Dividends received from unconsolidated entity	10,000	—
Proceeds from sale of trading securities	7,140	—
Changes in current assets and current liabilities, net	(73,916)	(14,429)
Changes in noncurrent assets and noncurrent liabilities, net	2,859	3,294
Other, net	10,507	11,517
Net cash flows from operating activities	<u>355,634</u>	<u>382,744</u>
Cash Flows from Investing Activities:		
Purchases of marketable investment securities	(641,358)	(285,130)
Sales and maturities of marketable investment securities	500,775	419,038
Purchases of property and equipment	(376,856)	(356,910)
Refunds and other receipts related to capital expenditures	24,087	—
Changes in restricted cash and marketable investment securities	(1,689)	(1,507)
Investments in unconsolidated entities	(1,636)	(64,655)
Acquisition of regulatory authorization	—	(3,428)
Expenditures for externally marketed software	(12,299)	(11,660)
Other, net	1,462	8
Net cash flows from investing activities	<u>(507,514)</u>	<u>(304,244)</u>
Cash Flows from Financing Activities:		
Repayment of 6 1/2% Senior Notes Due 2019 and related premium	—	(113,300)
Repayment of other debt and capital lease obligations	(20,433)	(26,235)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	10,505	14,104
Other, net	(1,320)	3,186
Net cash flows from financing activities	<u>(11,248)</u>	<u>(122,245)</u>
Effect of exchange rates on cash and cash equivalents	728	(3,298)
Net increase (decrease) in cash and cash equivalents	(162,400)	(47,043)
Cash and cash equivalents, beginning of period	924,240	549,053
Cash and cash equivalents, end of period	<u>\$ 761,840</u>	<u>\$ 502,010</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest (including capitalized interest)	<u>\$ 87,213</u>	<u>\$ 91,817</u>
Capitalized interest	<u>\$ 47,093</u>	<u>\$ 27,569</u>
Cash paid for income taxes	<u>\$ 6,199</u>	<u>\$ 3,010</u>

Employee benefits paid in Class A common stock	<u>\$ 11,126</u>	<u>\$ 10,711</u>
Property and equipment financed under capital lease obligations	<u>\$ 6,857</u>	<u>\$ 3,367</u>
Increase (decrease) in capital expenditures included in accounts payable, net	<u>\$ 8,238</u>	<u>\$ (8,931)</u>
Reduction of capital lease obligation for AMC-15 and AMC-16 satellites	<u>\$ —</u>	<u>\$ 4,500</u>

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