



November 8, 2016

EchoStar Announces Financial Results for Three and Nine Months Ending September 30, 2016

ENGLEWOOD, Colo., Nov. 8, 2016 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three and nine months ending September 30, 2016.



Three Months Ending September 30, 2016 Financial Highlights:

- | Consolidated revenues of \$742 million.
- | Consolidated net income of \$37 million.
- | Consolidated net income attributable to EchoStar common stock of \$37 million and diluted earnings per share of \$0.39.
- | Consolidated EBITDA of \$211 million (see reconciliation of this non-GAAP measure below).
- | Approximately 1,018,000 Hughes consumer broadband subscribers as of September 30, 2016.

Nine Months Ended September 30, 2016 Financial Highlights:

- | Consolidated revenue of \$2.32 billion.
- | Consolidated net income of \$142 million.
- | Consolidated net income attributable to EchoStar common stock of \$143 million and diluted earnings per share of \$1.52.
- | Consolidated EBITDA of \$654 million (see reconciliation of this non-GAAP measure below).
- | Strong liquidity with cash, cash equivalents and current marketable investment securities of \$3.02 billion as of September 30, 2016

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in thousands)			
Revenue				
Hughes	\$ 355,876	\$ 339,729	\$ 1,021,451	\$ 1,000,194
EchoStar Technologies Corp.	283,052	294,925	983,115	973,097
EchoStar Satellite Services	101,480	124,300	305,919	374,287
All Other & Eliminations	1,941	1,925	5,852	5,549
Total	\$ 742,349	\$ 760,879	\$ 2,316,337	\$ 2,353,127
EBITDA				
Hughes	\$ 112,018	\$ 101,582	\$ 317,865	\$ 296,269
EchoStar Technologies Corp.	9,346	25,946	57,426	80,764
EchoStar Satellite Services	83,700	104,200	255,712	314,177
All Other & Eliminations	5,980	(15,116)	23,441	(48,599)
Total	\$ 211,044	\$ 216,612	\$ 654,444	\$ 642,611
Net income (loss) attributable to EchoStar common stock	\$ 36,644	\$ 30,102	\$ 143,451	\$ 97,404
Diluted earnings per share (in dollars)	\$ 0.39	\$ 0.32	\$ 1.52	\$ 1.04

Net income	<u>\$ 37,410</u>	<u>\$ 28,358</u>	<u>\$ 141,762</u>	<u>\$ 86,969</u>
Capital expenditures	<u>\$ 156,813</u>	<u>\$ 123,242</u>	<u>\$ 509,582</u>	<u>\$ 480,152</u>

The following table reconciles total consolidated net income to EBITDA.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Dollars in thousands)			
Net income	\$ 37,410	\$ 28,358	\$ 141,762	\$ 86,969
Interest income and expense, net	31,098	26,308	66,766	88,240
Income tax provision	19,512	28,577	75,064	65,841
Depreciation and amortization	123,633	132,892	370,872	398,547
Net (income) loss attributable to noncontrolling interest in HSS Tracking Stock and other noncontrolling interests	(609)	477	(20)	3,014
EBITDA	<u>\$ 211,044</u>	<u>\$ 216,612</u>	<u>\$ 654,444</u>	<u>\$ 642,611</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, 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 period ended September 30, 2016 filed today with the Securities and Exchange Commission.

EchoStar will host its earnings conference call on Tuesday, November 8, 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 # 8808210.

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 Corporation, and Hughes Network Systems 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 Quarterly Report on Form 10-Q for the period ended September 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.

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

	As of	
	September 30, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 2,215,708	\$ 924,240
Marketable investment securities, at fair value	803,309	612,338
Trade accounts receivable, net of allowance for doubtful accounts of \$13,817 and \$12,485, respectively	177,901	179,240
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	330,300	277,159
Inventory	73,789	67,010
Prepays and deposits	61,489	56,949
Other current assets	54,993	16,723
Total current assets	3,717,489	2,133,659
Noncurrent Assets:		
Restricted cash and marketable investment securities	13,651	21,002
Property and equipment, net of accumulated depreciation of \$3,303,714 and \$2,998,074, respectively	3,628,379	3,412,990
Regulatory authorizations, net	548,211	543,812
Goodwill	510,630	510,630
Other intangible assets, net	98,366	132,653
Investments in unconsolidated entities	202,272	209,264
Other receivable - DISH Network	90,359	90,966
Other noncurrent assets, net	167,980	154,510
Total noncurrent assets	5,259,848	5,075,827
Total assets	\$ 8,977,337	\$ 7,209,486
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 225,234	\$ 213,671
Trade accounts payable - DISH Network	1,520	24,682
Current portion of long-term debt and capital lease obligations	37,717	35,698
Deferred revenue and prepayments	62,197	61,881
Accrued compensation	37,083	29,767
Accrued royalties	22,687	22,531
Accrued interest	57,159	8,596
Accrued expenses and other	104,638	130,005
Total current liabilities	548,235	526,831
Noncurrent Liabilities:		
Long-term debt and capital lease obligations, net of unamortized debt issuance costs	3,629,973	2,156,667
Deferred tax liabilities, net	724,839	650,392
Other noncurrent liabilities	95,615	93,954
Total noncurrent liabilities	4,450,427	2,901,013
Total liabilities	4,998,662	3,427,844
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 September 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, 51,890,524 shares issued and 46,358,206 shares outstanding at September 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 September 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 September 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 September 30, 2016 and December 31, 2015	—	—
Additional paid-in capital	3,813,841	3,776,451

Accumulated other comprehensive loss	(99,167)	(117,233)
Accumulated earnings	276,059	134,317
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity	3,892,677	3,695,478
Noncontrolling interest in HSS Tracking Stock	73,928	74,854
Other noncontrolling interests	12,070	11,310
Total stockholders' equity	3,978,675	3,781,642
Total liabilities and stockholders' equity	\$ 8,977,337	\$ 7,209,486

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Services and other revenue - DISH Network	\$ 221,867	\$ 236,601	\$ 655,793	\$ 695,358
Services and other revenue - other	278,009	277,640	826,430	824,130
Equipment revenue - DISH Network	156,227	157,184	590,988	577,277
Equipment revenue - other	86,246	89,454	243,126	256,362
Total revenue	<u>742,349</u>	<u>760,879</u>	<u>2,316,337</u>	<u>2,353,127</u>
Costs and Expenses:				
Cost of sales - services and other (exclusive of depreciation and amortization)	213,621	219,686	618,271	645,691
Cost of sales - equipment (exclusive of depreciation and amortization)	200,986	207,989	710,724	706,835
Selling, general and administrative expenses	101,541	91,830	296,377	280,462
Research and development expenses	20,587	19,875	61,761	57,432
Depreciation and amortization	123,633	132,892	370,872	398,547
Total costs and expenses	<u>660,368</u>	<u>672,272</u>	<u>2,058,005</u>	<u>2,088,967</u>
Operating income	<u>81,981</u>	<u>88,607</u>	<u>258,332</u>	<u>264,160</u>
Other Income (Expense):				
Interest income	6,260	2,562	13,729	7,896
Interest expense, net of amounts capitalized	(37,358)	(28,870)	(80,495)	(96,136)
Loss from partial redemption of debt	—	—	—	(5,044)
Gains (losses) on marketable investment securities, net	230	(3,912)	8,179	(5,516)
Other-than-temporary impairment loss on available-for-sale securities	—	(1,243)	—	(5,892)
Equity in earnings (losses) of unconsolidated affiliates, net	5,164	(2,324)	11,181	(2,580)
Other, net	645	2,115	5,900	(4,078)
Total other expense, net	<u>(25,059)</u>	<u>(31,672)</u>	<u>(41,506)</u>	<u>(111,350)</u>
Income before income taxes	56,922	56,935	216,826	152,810
Income tax provision	(19,512)	(28,577)	(75,064)	(65,841)
Net income	<u>37,410</u>	<u>28,358</u>	<u>141,762</u>	<u>86,969</u>
Less: Net income (loss) attributable to noncontrolling interest in HSS Tracking Stock	85	(686)	(926)	(4,020)
Less: Net income attributable to other noncontrolling interests	524	209	946	1,006
Net income attributable to EchoStar	36,801	28,835	141,742	89,983
Less: Net income (loss) attributable to Hughes Retail Preferred Tracking Stock (Note 4)	157	(1,267)	(1,709)	(7,421)
Net income attributable to EchoStar common stock	<u>\$ 36,644</u>	<u>\$ 30,102</u>	<u>\$ 143,451</u>	<u>\$ 97,404</u>
Weighted-average common shares outstanding - Class A and B common stock:				
Basic	<u>93,898</u>	<u>92,500</u>	<u>93,661</u>	<u>92,253</u>
Diluted	<u>94,401</u>	<u>93,493</u>	<u>94,189</u>	<u>93,480</u>
Earnings per share - Class A and B common stock:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.33</u>	<u>\$ 1.53</u>	<u>\$ 1.06</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.32</u>	<u>\$ 1.52</u>	<u>\$ 1.04</u>

Comprehensive Income:

Net income	\$ 37,410	\$ 28,358	\$ 141,762	\$ 86,969
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	2,483	(32,603)	13,769	(56,009)
Recognition of foreign currency translation loss in net income	—	—	—	1,889
Unrealized gains (losses) on available-for-sale securities and other	10,180	(7,373)	9,695	(8,208)
Recognition of other-than-temporary loss on available-for-sale securities in net income	—	1,243	—	5,892
Recognition of realized gains on available-for-sale securities in net income	(10)	(9)	(5,584)	(29)
Total other comprehensive income (loss), net of tax	12,653	(38,742)	17,880	(56,465)
Comprehensive income (loss)	50,063	(10,384)	159,642	30,504
Less: Comprehensive income (loss) attributable to noncontrolling interest in HSS Tracking Stock	85	(686)	(926)	(4,020)
Less: Comprehensive income attributable to other noncontrolling interests	524	(111)	760	686
Comprehensive income attributable to EchoStar	\$ 49,454	\$ (9,587)	\$ 159,808	\$ 33,838

ECHOSTAR CORPORATION
Consolidated Statements of Cash Flows
(In thousands)

	For the Nine Months Ended September 30,	
	2016	2015
Cash Flows from Operating Activities:		
Net income	\$ 141,762	\$ 86,969
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	370,872	398,547
Equity in losses (earnings) of unconsolidated affiliates, net	(11,181)	2,580
Loss from partial redemption of debt	—	5,044
Loss (gain) and impairment on marketable investment securities, net	(8,179)	11,408
Stock-based compensation	11,953	16,204
Deferred tax provision	71,422	63,421
Dividends received from unconsolidated entities	15,000	5,000
Proceeds from sale of trading securities	7,140	380
Changes in current assets and current liabilities, net	(47,013)	(274)
Changes in noncurrent assets and noncurrent liabilities, net	8,097	3,457
Other, net	14,836	15,187
Net cash flows from operating activities	574,709	607,923
Cash Flows from Investing Activities:		
Purchases of marketable investment securities	(883,288)	(345,391)
Sales and maturities of marketable investment securities	643,865	669,393
Purchases of property and equipment	(533,669)	(585,902)
Refunds and other receipts related to capital expenditures	24,087	105,750
Changes in restricted cash and marketable investment securities	7,351	(313)
Investments in unconsolidated entities	(1,636)	(64,655)
Acquisition of regulatory authorization	—	(3,428)
Expenditures for externally marketed software	(17,991)	(16,905)
Other, net	1,462	(50)
Net cash flows from investing activities	(759,819)	(241,501)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt	1,500,000	—
Payments of debt issuance costs	(6,275)	—
Repayment of 6 1/2% Senior Secured Notes Due 2019 and related premium	—	(113,300)
Repayment of other debt and capital lease obligations	(30,615)	(35,303)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	16,157	19,893
Other, net	(3,373)	1,525
Net cash flows from financing activities	1,475,894	(127,185)
Effect of exchange rates on cash and cash equivalents	684	(9,185)
Net increase in cash and cash equivalents	1,291,468	230,052
Cash and cash equivalents, beginning of period	924,240	549,053

Cash and cash equivalents, end of period	<u>\$ 2,215,708</u>	<u>\$ 779,105</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest (including capitalized interest)	<u>\$ 97,044</u>	<u>\$ 102,335</u>
Capitalized interest	<u>\$ 70,386</u>	<u>\$ 44,335</u>
Cash paid for income taxes	<u>\$ 9,187</u>	<u>\$ 5,185</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>\$ 7,172</u>	<u>\$ 5,551</u>
Increase (decrease) in capital expenditures included in accounts payable, net	<u>\$ 21,951</u>	<u>\$ 10,297</u>
Reduction of capital lease obligation for AMC-15 and AMC-16 satellites	<u>\$ —</u>	<u>\$ 4,500</u>

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