



May 10, 2016

EchoStar Announces First Quarter 2016 Financial Results

ENGLEWOOD, Colo., May 10, 2016 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the quarter ended March 31, 2016.



First Quarter 2016 Financial Highlights:

- l Consolidated revenues of \$816 million compared to \$799 million in the first quarter of 2015.
- l Consolidated EBITDA of \$223 million compared to \$214 million in the first quarter of 2015.
- l Consolidated net income attributable to EchoStar common stock of \$50.7 million and diluted earnings per share of \$0.54 compared to \$33.4 million and \$0.36 in the first quarter of 2015.
- l Approximately 1,038,000 HughesNet subscribers as of March 31, 2016 compared to 998,000 subscribers as of March 31, 2015.

Set forth below is a table highlighting certain of EchoStar's segment results for the three months ended March 31, 2016 and 2015:

(in USD '000s)	For the Three Months Ended March 31,	
	2016	2015
Revenue		
Hughes	\$ 326,238	\$ 325,280
EchoStar Technologies Corp.	385,126	346,220
EchoStar Satellite Services	102,989	125,398
All Other & Eliminations	2,006	1,755
Total	\$ 816,359	\$ 798,653
EBITDA		
Hughes	\$ 99,468	\$ 91,273
EchoStar Technologies Corp.	28,168	25,561
EchoStar Satellite Services	88,186	106,419
All Other & Eliminations	6,974	(9,572)
Total	\$ 222,796	\$ 213,681
Net income attributable to EchoStar common stock	\$ 50,674	\$ 33,402
Diluted earnings per share (in dollars)	\$ 0.54	\$ 0.36
Capital expenditures	\$ 211,136	\$ 177,802

The following table reconciles total consolidated EBITDA to "Income before income taxes".

(in USD '000s)	For the Three Months Ended March 31,	
	2016	2015
EBITDA	\$ 222,796	\$ 213,681
Interest income and expense, net	(19,244)	(32,697)
Depreciation and amortization	(126,734)	(133,185)
Net loss attributable to noncontrolling interests	(712)	(1,800)

Income before income taxes	\$ 76,106	\$ 45,999
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Note on Use of Non-GAAP Financial Measures

EBITDA is defined as "Net income (loss) attributable to EchoStar" excluding "Interest expense, net of amounts capitalized," "Interest income," "Income tax benefit (provision), net" and "Depreciation and amortization." EBITDA is not a measure determined in accordance with US GAAP. This non-GAAP measure is reconciled to "Income (loss) before income taxes" 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. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. 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 liquidity and 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 March 31, 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 quarter ended March 31, 2016 filed today with the Securities and Exchange Commission.

EchoStar will host its earnings conference call on Tuesday, May 10, 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 # 94546372.

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.

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. These statements are subject to certain risks, uncertainties, and assumptions. See "Risk Factors" in EchoStar's Quarterly Report on Form 10-Q for the quarter ended March 31, 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
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per-share amounts)
(Unaudited)

	As of	
	March 31 2016	December 31 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$ 898,816	\$ 924,240
Marketable investment securities, at fair value	603,346	612,338
Trade accounts receivable, net of allowance for doubtful accounts of \$13,772 and \$12,485, respectively	163,726	179,240

Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	340,532	277,159
Inventory	70,136	67,010
Prepays and deposits	60,287	56,949
Other current assets	12,501	16,723
Total current assets	<u>2,149,344</u>	<u>2,133,659</u>
Noncurrent Assets:		
Restricted cash and marketable investment securities	21,664	21,002
Property and equipment, net of accumulated depreciation of \$3,097,803 and \$2,998,074, respectively	3,527,450	3,412,990
Regulatory authorizations, net	546,411	543,812
Goodwill	510,630	510,630
Other intangible assets, net	118,650	132,653
Investments in unconsolidated entities	208,744	209,264
Other receivable - DISH Network	91,171	90,966
Other noncurrent assets, net	162,171	154,510
Total noncurrent assets	<u>5,186,891</u>	<u>5,075,827</u>
Total assets	<u>\$ 7,336,235</u>	<u>\$ 7,209,486</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 231,873	\$ 213,671
Trade accounts payable - DISH Network	25,694	24,682
Current portion of long-term debt and capital lease obligations, net of unamortized debt issuance costs	1,896,233	35,698
Deferred revenue and prepayments	62,579	61,881
Accrued compensation	27,886	29,767
Accrued royalties	22,609	22,531
Accrued interest	41,645	8,596
Accrued expenses and other	100,937	130,005
Total current liabilities	<u>2,409,456</u>	<u>526,831</u>
Noncurrent Liabilities:		
Long-term debt and capital lease obligations, net of unamortized debt issuance costs	290,570	2,156,667
Deferred tax liabilities, net	676,799	650,392
Other noncurrent liabilities	97,742	93,954
Total noncurrent liabilities	<u>1,065,111</u>	<u>2,901,013</u>
Total liabilities	<u>3,474,567</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 March 31, 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, 51,580,578 shares issued and 46,048,260 shares outstanding at March 31, 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 March 31, 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 March 31, 2016 and December 31, 2015	—	—
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of March 31, 2016 and December 31, 2015	—	—
Additional paid-in capital	3,797,153	3,776,451
Accumulated other comprehensive loss	(106,353)	(117,233)
Accumulated earnings	183,472	134,317
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity	<u>3,776,216</u>	<u>3,695,478</u>
Noncontrolling interest in HSS Tracking Stock	74,031	74,854
Other noncontrolling interests	11,421	11,310
Total stockholders' equity	<u>3,861,668</u>	<u>3,781,642</u>
Total liabilities and stockholders' equity	<u>\$ 7,336,235</u>	<u>\$ 7,209,486</u>

ECHOSTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended March 31	
	2016	2015
Revenue:		
Equipment revenue - DISH Network	\$ 249,613	\$ 223,959
Equipment revenue - other	80,477	79,136
Services and other revenue - DISH Network	213,727	222,804
Services and other revenue - other	272,542	272,754
Total revenue	816,359	798,653
Costs and Expenses:		
Cost of sales - equipment (exclusive of depreciation and amortization)	286,863	260,223
Cost of sales - services and other (exclusive of depreciation and amortization)	197,162	208,240
Selling, general and administrative expenses	98,693	97,928
Research and development expenses	20,442	17,872
Depreciation and amortization	126,734	133,185
Total costs and expenses	729,894	717,448
Operating income	86,465	81,205
Other Income (Expense):		
Interest income	3,966	2,611
Interest expense, net of amounts capitalized	(23,210)	(35,308)
Gains on marketable investment securities, net	2,462	9
Equity in losses of unconsolidated affiliates, net	(963)	(53)
Other, net	7,386	(2,465)
Total other expense, net	(10,359)	(35,206)
Income before income taxes	76,106	45,999
Income tax provision, net	(27,663)	(18,401)
Net income	48,443	27,598
Less: Net loss attributable to noncontrolling interest in HSS Tracking Stock	(823)	(2,169)
Less: Net income attributable to other noncontrolling interests	111	369
Net income attributable to EchoStar	49,155	29,398
Less: Net loss attributable to Hughes Retail Preferred Tracking Stock (Note 4)	(1,519)	(4,004)
Net income attributable to EchoStar common stock	\$ 50,674	\$ 33,402
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	93,331	91,969
Diluted	93,852	93,357
Earnings per share - Class A and B common stock:		
Basic	\$ 0.54	\$ 0.36
Diluted	\$ 0.54	\$ 0.36
Comprehensive Income:		
Net income	\$ 48,443	\$ 27,598
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	11,624	(26,400)
Unrealized gains on available-for-sale securities and other	1,503	1,218
Recognition of realized gains on available-for-sale securities in net income	(2,247)	(9)
Total other comprehensive income (loss), net of tax	10,880	(25,191)
Comprehensive income	59,323	2,407
Less: Comprehensive loss attributable to noncontrolling interest in HSS Tracking Stock	(823)	(2,169)
Less: Comprehensive income attributable to other noncontrolling interests	111	369
Comprehensive income attributable to EchoStar	\$ 60,035	\$ 4,207

(Unaudited)

	For the Three Months Ended March	
	31	
	2016	2015
Cash Flows from Operating Activities:		
Net income	\$ 48,443	\$ 27,598
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	126,734	133,185
Equity in losses of unconsolidated affiliates, net	963	53
Gains on marketable investment securities, net	(2,462)	(9)
Stock-based compensation	4,384	4,175
Deferred tax provision	25,684	17,871
Changes in current assets and current liabilities, net	(18,184)	31,730
Changes in noncurrent assets and noncurrent liabilities, net	3,388	1,411
Other, net	3,899	5,548
Net cash flows from operating activities	<u>192,849</u>	<u>221,562</u>
Cash Flows from Investing Activities:		
Purchases of marketable investment securities	(321,892)	(250,861)
Sales and maturities of marketable investment securities	323,889	269,588
Purchases of property and equipment	(235,223)	(177,802)
Refunds and other receipts related to capital expenditures	24,087	—
Changes in restricted cash and marketable investment securities	(662)	(1,046)
Acquisition of regulatory authorization	—	(3,428)
Expenditures for externally marketed software	(5,959)	(4,944)
Other, net	1,460	6
Net cash flows from investing activities	<u>(214,300)</u>	<u>(168,487)</u>
Cash Flows from Financing Activities:		
Repayment of other debt and capital lease obligations	(10,542)	(16,508)
Net proceeds from Class A common stock options exercised and stock issued under the Employee Stock Purchase Plan	6,335	8,039
Other, net	(302)	3,521
Net cash flows from financing activities	<u>(4,509)</u>	<u>(4,948)</u>
Effect of exchange rates on cash and cash equivalents	536	(5,674)
Net increase (decrease) in cash and cash equivalents	(25,424)	42,453
Cash and cash equivalents, beginning of period	924,240	549,053
Cash and cash equivalents, end of period	<u>\$ 898,816</u>	<u>\$ 591,506</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest (including capitalized interest)	\$ 10,476	\$ 10,848
Capitalized interest	\$ 22,021	\$ 12,485
Cash paid for income taxes	\$ 2,586	\$ 1,608
Employee benefits paid in Class A common stock	\$ 11,126	\$ 10,711
Satellites and other assets financed under capital lease obligations	\$ 2,351	\$ 2,682
Increase (decrease) in capital expenditures included in accounts payable, net	\$ 3,670	\$ (4,485)
Reduction of capital lease obligation for AMC-15 and AMC-16 satellites	\$ —	\$ 4,500

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