# EchoStar Announces Financial Results for Three and Six Months Ended June 30, 2019

August 8, 2019

ENGLEWOOD, Colo., Aug. 8, 2019 /PRNewswire/ -- EchoStar Corporation (NASDAQ: SATS) today announced its financial results for the three and six months ended June 30, 2019.

**Three Months Ended June 30, 2019 Financial Highlights:**

- Consolidated revenues of $537 million.
- Consolidated net loss of $5 million, consolidated net loss attributable to EchoStar common stock of $6 million, and diluted loss per share of $0.06.
- Consolidated Adjusted EBITDA of $199 million (see discussion and the reconciliation of GAAP to this non-GAAP measure below).

**Six Months Ended June 30, 2019 Financial Highlights:**

- Consolidated revenues of $1,068 million.
- Consolidated net income of $10 million, consolidated net income attributable to EchoStar common stock of $9 million, and diluted earnings per share of $0.09.
- Consolidated Adjusted EBITDA of $404 million (see discussion and the reconciliation of GAAP to this non-GAAP measure below).

**Additional Highlights:**

- Approximately 1,415,000 total Hughes broadband subscribers as of June 30, 2019 including approximately 169,000 subscribers in Central and South America.
- Cash, cash equivalents and current marketable investment securities of $2.5 billion as of June 30, 2019.

**Set forth below is a table highlighting certain of EchoStar's segment results for the three and six months ended June 30, 2019 and 2018 (amounts in thousands):**

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| **Revenue** | | | | |
| Hughes | $ 451,847 | $ 426,306 | $ 897,184 | $ 827,124 |
| EchoStar Satellite Services | 80,961 | 95,425 | 162,220 | 192,178 |
| Corporate & Other | 4,316 | 4,226 | 8,802 | 8,447 |
| **Total** | **$ 537,124** | **$ 525,957** | **$ 1,068,206** | **$ 1,027,749** |
| **Adjusted EBITDA** | | | | |
| Hughes | $ 156,298 | $ 151,628 | $ 318,161 | $ 288,737 |
| EchoStar Satellite Services | 68,174 | 82,483 | 136,891 | 166,633 |
| Corporate & Other: | | | | |
| Corporate overhead, operating and other | (22,336) | (21,266) | (42,968) | (39,137) |
| Equity in earnings (losses) of unconsolidated affiliates, net | (2,898) | (2,058) | (7,725) | (3,067) |
| Sub-total | (25,234) | (23,324) | (50,693) | (42,204) |
| **Total** | **$ 199,238** | **$ 210,787** | **$ 404,359** | **$ 413,166** |

| | | | | |
|---|---|---|---|---|
| **Net income (loss)** | **$ (5,060)** | **$ 77,684** | **$ 9,948** | **$ 56,513** |
| **Expenditures for property and equipment** | **$ 107,478** | **$ 119,592** | **$ 219,440** | **$ 170,574** |

**Reconciliation of GAAP to Non-GAAP Measurement (amounts in thousands):**

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** |
| Net income (loss) | $ (5,060) | $ 77,684 | $ 9,948 | $ 56,513 |
| Interest income and expense, net | 36,950 | 42,281 | 72,403 | 89,397 |
| Income tax provision, net | 922 | 17,802 | 9,102 | 12,399 |
| Depreciation and amortization | 155,410 | 148,449 | 309,631 | 294,003 |
| Net income attributable to noncontrolling interests | (632) | (462) | (1,438) | (842) |
| **EBITDA** | **187,590** | **285,754** | **399,646** | **451,470** |
| (Gains) losses on investments, net | (12,856) | (65,396) | (19,791) | (28,733) |
| Litigation expense | 24,504 | — | 24,504 | — |
| Vendor settlement | — | (9,571) | — | (9,571) |
| **Adjusted EBITDA** | **$ 199,238** | **$ 210,787** | **$ 404,359** | **$ 413,166** |

***Note on Use of Non-GAAP Financial Measures***

Adjusted EBITDA is defined as "Net income (loss)" excluding "Interest income and expense, net," "Income tax provision (benefit), net," "Depreciation and amortization," "Net income (loss) attributable to noncontrolling interests," "Gains and losses on investments, net," and other non-recurring or non-operational items. Adjusted EBITDA is not a measure determined in accordance with US GAAP. Adjusted EBITDA is reconciled to "Net income (loss)" in the table above and should not be considered in isolation or as a substitute for operating income, net income or any other measure determined in accordance with US GAAP. Our management uses this non-GAAP measure as a measure of our operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes that this non-GAAP measure provides meaningful supplemental information regarding the underlying operating performance of our business and is appropriate to enhance an overall understanding of our financial performance. Management also believes that Adjusted 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, 2019 and 2018 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 June 30, 2019 filed today with the Securities and Exchange Commission.

EchoStar will host its earnings conference call on Thursday, August 8, 2019 at 11:00 a.m. Eastern Time. The call-in numbers are (877) 815-1625 (toll-free) and (716) 247-5178 (international), Conference ID 6673307.

**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, 2018 and Quarterly Report on Form 10-Q for the period ended June 30, 2019, 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**
**(Amounts in thousands, except per share amounts)**

| | As of | |
|---|---|---|
| | June 30, 2019 | December 31, 2018 |
| **Assets** | (Unaudited) | (Audited) |
| **Current assets:** | | |
| Cash and cash equivalents | $ 1,298,005 | $ 928,306 |
| Marketable investment securities, at fair value | 1,203,308 | 2,282,152 |
| Trade accounts receivable and contract assets, net (Note 3) | 201,561 | 201,096 |
| Trade accounts receivable - DISH Network | 13,943 | 14,200 |
| Inventory | 73,345 | 75,379 |
| Prepaids and deposits | 65,589 | 61,177 |
| Other current assets | 19,857 | 18,539 |
| Total current assets | 2,875,608 | 3,580,849 |
| **Noncurrent assets:** | | |
| Property and equipment, net | 3,329,794 | 3,414,908 |
| Operating lease right-of-use assets | 113,643 | — |
| Goodwill | 504,173 | 504,173 |
| Regulatory authorizations, net | 493,661 | 495,654 |
| Other intangible assets, net | 36,869 | 44,231 |
| Investments in unconsolidated entities | 225,582 | 262,473 |
| Other receivables - DISH Network | 96,733 | 95,114 |
| Other noncurrent assets, net | 274,028 | 263,892 |
| Total noncurrent assets | 5,074,483 | 5,080,445 |
| Total assets | $ 7,950,091 | $ 8,661,294 |
| **Liabilities and Stockholders' Equity** | | |
| **Current liabilities:** | | |
| Trade accounts payable | $ 105,929 | $ 121,437 |
| Trade accounts payable - DISH Network | 1,113 | 1,698 |
| Current portion of long-term debt and finance lease obligations | 42,682 | 959,577 |
| Contract liabilities | 106,308 | 72,284 |
| Accrued interest | 42,835 | 47,416 |
| Accrued compensation | 44,829 | 54,242 |
| Accrued taxes | 16,221 | 16,013 |
| Accrued expenses and other | 111,745 | 72,470 |
| Total current liabilities | 471,662 | 1,345,137 |
| **Noncurrent liabilities:** | | |
| Long-term debt and finance lease obligations, net | 2,553,352 | 2,573,204 |
| Deferred tax liabilities, net | 472,872 | 465,933 |
| Operating lease liabilities | 94,979 | — |
| Other noncurrent liabilities | 114,275 | 121,546 |
| Total noncurrent liabilities | 3,235,478 | 3,160,683 |
| Total liabilities | 3,707,140 | 4,505,820 |
| Commitments and contingencies (Note 15) | | |
| **Stockholders' equity:** | | |
| Preferred stock, $0.001 par value, 20,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018 | — | — |
| Common stock, $0.001 par value, 4,000,000,000 shares authorized: | | |
| Class A common stock, $0.001 par value, 1,600,000,000 shares authorized, 56,189,672 shares issued and 49,704,751 shares outstanding at June 30, 2019 and 54,142,566 shares issued and 47,657,645 shares outstanding at December 31, 2018 | 56 | 54 |
| Class B convertible common stock, $0.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding at each of June 30, 2019 and December 31, 2018 | 48 | 48 |
| Class C convertible common stock, $0.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018 | — | — |
| Class D common stock, $0.001 par value, 800,000,000 shares authorized, none issued and outstanding at each of June 30, 2019 and December 31, 2018 | — | — |
| Additional paid-in capital | 3,777,499 | 3,702,522 |
| Accumulated other comprehensive loss | (119,500) | (125,100) |
| Accumulated earnings | 704,236 | 694,129 |
| Treasury stock, at cost | (131,454) | (131,454) |
| Total EchoStar Corporation stockholders' equity | 4,230,885 | 4,140,199 |
| Noncontrolling interests | 12,066 | 15,275 |
| Total stockholders' equity | 4,242,951 | 4,155,474 |
| Total liabilities and stockholders' equity | $ 7,950,091 | $ 8,661,294 |

**ECHOSTAR CORPORATION**
**Condensed Consolidated Statements of Operations**
**(Amounts in thousands, except per share amounts)**

| | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| **Revenue:** | | | | |
| Services and other revenue - DISH Network | $ 85,057 | $ 100,171 | $ 170,945 | $ 203,976 |
| Services and other revenue - other | 394,422 | 375,445 | 787,902 | 730,485 |
| Equipment revenue | 57,645 | 50,341 | 109,359 | 93,288 |
| Total revenue | 537,124 | 525,957 | 1,068,206 | 1,027,749 |
| **Costs and expenses:** | | | | |
| Cost of sales - services and other (exclusive of depreciation and amortization) | 153,198 | 151,157 | 306,769 | 299,902 |
| Cost of sales - equipment (exclusive of depreciation and amortization) | 46,549 | 41,865 | 91,556 | 80,936 |
| Selling, general and administrative expenses | 152,629 | 103,074 | 264,763 | 206,349 |
| Research and development expenses | 6,388 | 6,647 | 13,276 | 13,784 |
| Depreciation and amortization | 155,410 | 148,449 | 309,631 | 294,003 |
| Total costs and expenses | 514,174 | 451,192 | 985,995 | 894,974 |
| Operating income | 22,950 | 74,765 | 82,211 | 132,775 |
| **Other income (expense):** | | | | |
| Interest income | 23,213 | 19,253 | 47,642 | 34,888 |
| Interest expense, net of amounts capitalized | (60,163) | (61,534) | (120,045) | (124,285) |
| Gains (losses) on investments, net | 12,856 | 65,396 | 19,791 | 28,733 |
| Equity in losses of unconsolidated affiliates, net | (4,754) | (2,058) | (11,107) | (3,067) |
| Other, net | 1,760 | (336) | 558 | (132) |
| Total other income (expense), net | (27,088) | 20,721 | (63,161) | (63,863) |
| Income (loss) before income taxes | (4,138) | 95,486 | 19,050 | 68,912 |
| Income tax provision, net | (922) | (17,802) | (9,102) | (12,399) |
| Net income (loss) | (5,060) | 77,684 | 9,948 | 56,513 |
| Less: Net income attributable to noncontrolling interests | 632 | 462 | 1,438 | 842 |
| Net income (loss) attributable to EchoStar Corporation common stock | $ (5,692) | $ 77,222 | $ 8,510 | $ 55,671 |
| **Earnings per share - Class A and B common stock:** | | | | |
| Basic earnings (loss) per share | $ (0.06) | $ 0.80 | $ 0.09 | $ 0.58 |
| Diluted earnings (loss) per share | $ (0.06) | $ 0.80 | $ 0.09 | $ 0.57 |

**ECHOSTAR CORPORATION**
**Condensed Consolidated Statements of Cash Flows**
**(Amounts in thousands, except per share amounts)**

| | For the six months ended June 30, | |
|---|---|---|
| | 2019 | 2018 |
| **Cash flows from operating activities:** | | |
| Net income (loss) | $ 9,948 | $ 56,513 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | |
| Depreciation and amortization | 309,631 | 294,003 |
| Equity in losses of unconsolidated affiliates, net | 11,107 | 3,067 |
| Amortization of debt issuance costs | 3,872 | 3,905 |
| (Gains) losses on investments, net | (19,791) | (28,674) |
| Stock-based compensation | 4,833 | 5,110 |
| Deferred tax provision | 7,014 | 10,231 |
| Dividend received from unconsolidated entity | — | 5,000 |
| Changes in current assets and current liabilities, net: | | |
| Trade accounts receivable, net | 167 | (3,061) |
| Trade accounts receivable - DISH Network | 257 | 17,262 |
| Inventory | 2,114 | 238 |
| Other current assets | (2,500) | (5,430) |
| Trade accounts payable | (225) | 2,364 |
| Trade accounts payable - DISH Network | (585) | (3,360) |
| Accrued expenses and other | 51,409 | 7,749 |
| Changes in noncurrent assets and noncurrent liabilities, net | 1,374 | (17,200) |
| Other, net | 2,149 | 5,822 |
| Net cash flows from operating activities | 380,774 | 353,539 |
| **Cash flows from investing activities:** | | |

| | | |
|---|---|---|
| Purchases of marketable investment securities | (504,264) | (1,632,930) |
| Sales and maturities of marketable investment securities | 1,621,481 | 841,638 |
| Expenditures for property and equipment | (219,440) | (248,098) |
| Refunds and other receipts related to property and equipment | — | 77,524 |
| Expenditures for externally marketed software | (15,329) | (15,000) |
| Net cash flows from investing activities | 882,448 | (976,866) |
| **Cash flows from financing activities:** | | |
| Repayment of debt and finance lease obligations | (21,180) | (18,417) |
| Repurchase and maturity of debt | (920,923) | — |
| Purchase of noncontrolling interest | (7,313) | — |
| Repayment of in-orbit incentive obligations | (3,778) | (3,272) |
| Net proceeds from Class A common stock options exercised | 61,503 | 4,064 |
| Net proceeds from Class A common stock issued under the Employee Stock Purchase Plan | 5,074 | 4,886 |
| Other, net | 905 | (401) |
| Net cash flows from financing activities | (885,712) | (13,140) |
| Effect of exchange rates on cash and cash equivalents | 121 | (1,941) |
| Net increase (decrease) in cash and cash equivalents, including restricted amounts | 377,631 | (638,408) |
| Cash and cash equivalents, including restricted amounts, beginning of period | 929,495 | 2,432,249 |
| Cash and cash equivalents, including restricted amounts, end of period | $ 1,307,126 | $ 1,793,841 |
| | | |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest, net of amounts capitalized | $ 120,625 | $ 122,017 |
| Cash paid for income taxes | $ 1,217 | $ 2,574 |

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SOURCE EchoStar Corporation

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