

August 4, 2015



# GCI Reports Second Quarter 2015 Financial Results

**Consolidated Revenue of \$248 million**

**Adjusted EBITDA of \$88 million**

ANCHORAGE, Alaska, Aug. 4, 2015 /PRNewswire/ -- General Communication, Inc. ("GCI") (NASDAQ: GNCMA) today reported record financial and operational performance for the second quarter of 2015.

Strong wireless and data performance drove consolidated revenues for the second quarter of 2015 to \$248 million, an increase of \$23 million or ten percent when compared with the second quarter of 2014. Compared with the first quarter of 2015, consolidated revenues are up \$16 million or seven percent.

Adjusted EBITDA for the quarter was \$88 million, after the deduction of \$6 million in transition costs associated with the Alaska Wireless Network ("AWN") transaction. Adjusted EBITDA grew \$4 million or four percent compared with the second quarter of 2014 and grew \$13 million or 17 percent compared to the first quarter of 2015.

"We are pleased with GCI's strong financial and operational performance during the second quarter. We remain on track for another record year at GCI," said Ron Duncan, GCI's president and chief executive officer. "I am particularly pleased with our team's efforts in managing the transition of our recently acquired wireless customers. With much of the AWN integration completed, we can now focus on simplifying our business and driving long-term growth. In addition, following the quarter we made strides in optimizing our capital structure by amending our term loan to reduce the company's annual interest expense."

## Transition Highlights

The second quarter was an important quarter for GCI as we transitioned approximately 87,000 wireless subscribers from ACS. The operating teams worked diligently to make sure that our new customers were served well. Through the quarter we transitioned approximately one-third of the customers from the legacy billing platform and onto GCI's standard wireless billing platform. We will continue the conversion over the next several quarters but are pleased with the progress to date.

## Operating and Financial Highlights

There are two factors that should be taken into account when comparing the second quarter with previous quarters:

- AWN Transition Costs: During the first and second quarters of 2015 we had \$7 million

and \$6 million in one-time transition costs that reduced adjusted EBITDA. There were no transition costs in the second quarter of 2014.

- **Equipment Installment Plans:** Beginning in the first quarter of 2015 GCI began aggressively promoting equipment installment plans on wireless handsets. These plans allow our customers to choose how frequently they would like to upgrade their handsets. However, moving a customer from the two-year contract device subsidy model to the equipment financing model does have a financial statement impact. Under the equipment finance model, the upfront handset revenue is higher and the monthly plan fee revenue is lower compared to the subsidy model. Thus, for the first couple of quarters as we move from the subsidy model to the equipment finance model the EBITDA will be substantially positively impacted by the equipment finance revenue. The equipment finance revenue was \$4 million and \$7 million in the first and second quarters of 2015 respectively.

### Conference Call

The company will hold a conference call to discuss the financial results on Wednesday, August 5, at 2:00 p.m. (Eastern). To access the call, call the conference operator between 1:45-2:00 p.m. (Eastern) at 844-850-0551 (International callers should dial +1-412-902-4197) and identify your call as "GCI".

In addition to dial-up access, GCI will make available net conferencing. To access the call via net conference, log on to [gci.com](http://gci.com) and follow the instructions.

A replay of the call will be available for 72 hours by dialing 877-344-7529, access code 10069357 (International callers should dial +1-412-317-0088).

Full text and table may be found at [www.gci.com](http://www.gci.com).

### Forward-Looking Statement Disclosure

The foregoing contains forward-looking statements regarding GCI's expected results that are based on management's expectations as well as on a number of assumptions concerning future events. Actual results might differ materially from those projected in the forward-looking statements due to uncertainties and other factors, many of which are outside GCI's control. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in GCI's cautionary statement sections of Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

### About GCI

GCI is the largest Alaska-based and -operated, integrated telecommunications provider, offering wireless, voice, data, and video services statewide. Learn more about GCI at [www.gci.com](http://www.gci.com).

To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/gci-reports-second-quarter-2015-financial-results-300123677.html>

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