

May 4, 2016



GCI Reports First Quarter 2016 Financial Results

CONSOLIDATED REVENUE OF \$231 MILLION

ADJUSTED EBITDA OF \$78 MILLION

ANCHORAGE, Alaska, May 4, 2016 /PRNewswire/ -- General Communication, Inc. ("GCI") (NASDAQ: GNCMA) announces its results for the first quarter of 2016.

Operating and Financial Highlights

Revenues in the first quarter were \$231 million, flat compared with the same period in 2015, and down \$10 million or four percent sequentially. Strong growth in Managed Broadband and Consumer data were offset by declines in wireless handset revenue and roaming and backhaul.

Adjusted EBITDA in the first quarter was \$78 million, up \$3 million or four percent when compared with the first quarter of 2015 and up \$8 million or 11 percent over the fourth quarter of 2015. Growth in sequential Adjusted EBITDA in the face of declining revenues is a result of the following primary factors:

Revenues

- \$7.5 million of cash received from our new roaming agreements are deferred for revenue purposes but included in Adjusted EBITDA
- \$4 million seasonal decline in the sale of wireless handsets.

Adjusted EBITDA

- \$3 million in net data revenue growth
- \$2 million increase roaming and backhaul after including the \$7.5 million adjustment
- \$1 million decline in SG&A costs

"I am pleased with our start to the year," said Ron Duncan, GCI's president and chief executive officer. "We have made great progress with the migration of acquired wireless subscribers onto our primary billing system, which is now over 70 percent complete. Our subscriber count is down less than one percent during the quarter, our best since the AWN transaction. With long term agreements in place with our largest wireless roaming partners, we have better operating visibility that enables the Company to make commitments to invest in longer term projects."

Subsequent to the quarter, we have reached an agreement to sell our urban wireless tower and rooftop sites to Vertical Bridge for approximately \$90 million. The transaction is valued

at approximately 20 times Tower Cash Flow. We expect the transaction to close in mid-2016.

Wireless

Wireless segment revenues were \$51 million for the quarter, a 13 percent decline year-over-year and a 14 percent decline sequentially. The decline is driven primarily by our new long-term roaming arrangements.

Wireless segment Adjusted EBITDA was \$40 million for the quarter, an increase of \$3 million or seven percent over the first quarter of 2015 and up \$1 million or four percent over the fourth quarter of 2015. Growth in Adjusted EBITDA was a result of gains in roaming and backhaul for the quarter associated with our new agreements (after adding back the cash adjustment) which eliminate most of the seasonality in this business.

The wireless segment detail is as follows:

(\$ millions)	1Q16	1Q15	4Q15
Wholesale Wireless	18	21	21
Roaming and Backhaul	20	24	26
USF Support	13	14	13
Total Wireless Revenue	51	59	60
Plus cash adjustment	8	0	0
Less COGS	(15)	(18)	(17)
Less SG&A and Other	(4)	(4)	(4)
Adjusted EBITDA	40	37	39

Wireline

Wireline segment revenues of \$180 million for the first quarter were \$8 million or five percent higher than the first quarter of 2015 and were \$2 million or one percent less than the fourth quarter of 2015. Revenues year-over-year are primarily affected by growth in Managed Broadband, while the sequential comparison is affected by seasonal declines in the sale of wireless handsets.

Adjusted EBITDA for the quarter was \$38 million, flat year-over-year and a 19 percent or \$6 million increase sequentially. Growth sequentially is primarily a result of gains in high margin data revenues. We also received a benefit to our net wireless handset costs from the declines in handset sales while reduced SG&A expenses provided a further boost to Adjusted EBITDA.

Wireline – Consumer

Consumer revenues were \$85 million for the quarter, flat year-over-year and down \$4 million sequentially. Sequentially, revenue was driven lower primarily due to a seasonal \$4 million decrease in equipment revenue and was accompanied by a \$5 million reduction in equipment costs.

We have migrated over 61,000 acquired wireless subscribers off of the legacy billing platform over the last year. Total subscribers are down 12,600 or six percent year-over-year and are down one percent sequentially. Data subscribers are up 6,100 year-over-year and

up 500 during the quarter.

We continue to expand our Gigabit^{red} consumer data service throughout Alaska. The service, providing one gigabit consumer data speeds is now available to all of our Anchorage, Matanuska Valley, and most recently, Juneau subscribers. GCI plans to launch the Gigabit ^{red} service in Fairbanks later in 2016.

Wireline – Business Services

Business Services revenues of \$52 million in the first quarter were down \$1 million or three percent compared with the same period in 2015 and were flat sequentially. The decline year-over-year and the weakness sequentially have been driven by rate compression in the data market as well as downward pressure in the oil and gas sector.

Wireline – Managed Broadband

Revenues in Managed Broadband were \$43 million for the quarter, up \$9 million or 27 percent over the first quarter of 2015 and \$3 million or seven percent over the prior quarter. We are continuing our significant investments in the TERRA network over the next two years to expand rural community coverage and ring the backbone network to increase availability.

SG&A

SG&A expenses were \$88 million during the quarter, up \$4 million or four percent from a year ago and down \$1 million or one percent sequentially. Year-over-year growth is a result of additional network support spending as well as spending associated with our new billing system that was announced in the fourth quarter.

Other Events

GCI repurchased 0.6 million shares of its Class A common stock during the first quarter at a cost of \$11 million, or \$18.17 per share.

Capital expenditures for the quarter totaled \$34 million.

2016 Guidance

GCI reiterates the following guidance for 2016:

- Revenue is expected to be between \$930 million and \$980 million in 2016.
- Adjusted EBITDA is expected to be between \$295 million and \$325 million.
- Capital expenditures are expected to be approximately \$210 million.

Use of Non-GAAP Measure

Adjusted EBITDA is presented herein and is a non-GAAP measure. See our attached financials for a reconciliation of this non-GAAP measure to the nearest GAAP measure.

Conference Call

The Company will hold a conference call to discuss the financial results on Thursday, May 5th, 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 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).

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.

To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/gci-reports-first-quarter-2016-financial-results-300263090.html>

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