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FTE Networks Increases Telecom Revenue by 45% for the Second Quarter 2016

Gross Margin Increases to 39% Compared to 23% for the Same Period Last Year

NAPLES, FL -- (Marketwired) -- 08/16/16 -- **FTE Networks, Inc.** (OTCQX: FTNW) ("**FTE**" or **the "Company"**), a leading network infrastructure solutions provider in the technology and telecommunications vertical, provided a business update for the second quarter ending June 30, 2016.

Second Quarter 2016 Highlights

- Revenue for the second quarter of 2016 increased sequentially by \$1.1 million, or 51%, from the first quarter of 2016;
- Telecommunications revenue increased 45% to \$3.1 million compared to the same period last year;
- Gross margin improved 16% to 39% year over year;
- Upgraded to the OTC Markets Group -- QX Exchange;
- Awarded a contract with a leading network integrator and equipment manufacturer to service their distributed antenna systems (DAS) program;
- Awarded a new multi-year services contract in five markets with a leading Fortune 100 company;
- Secured a multi-dwelling unit (MDU) project valued up to \$1.0 million with a Fortune 100 Company;
- Projects \$13.5 million in revenue from two key contracts alone for the second half of 2016;
- Backlog of \$33 million over the next 12 months as of June 30, 2016.

Michael Palleschi, Chairman and Chief Executive Officer of FTE Networks (FTNW), commented, "We are pleased to report a 45% year-over-year increase in telecommunications revenue and a dramatic increase in gross margin to 38.9% for the three months ending June 30, 2016 versus 22.7% for the same period last year. Sequentially, our improvement was even more noticeable, with revenue increasing 51% versus the first quarter of 2016. Our strong growth and continued margin improvement was due to our continued emphasis on execution strategy, expanding our global footprint, and increasing revenues through an improved sales process, all factors leading us down the path to profitability."

"Our solid performance was due in part to entering into several material contracts with new and existing customers during the first half of the year. This quarter we executed contracts with Edge Communications and a Fortune 100 telecommunications carrier, with a combined value of approximately \$153 million over a three-year period. We believe the ramp up of these projects, in addition to several others, will help ensure a significant increase in revenue

for the second half of 2016."

"We are encouraged by the outlook for our business and believe we now have the infrastructure in place to support our rapid growth. Our excitement is confirmed by Management's ability to continually secure new contracts that enable the shift to higher-margin lines of business. In April, we secured a multi dwelling unit (MDU) project with a Fortune 100 Company, servicing both commercial and residential MDUs in the Midwest. The initial phase of this project includes two markets and is expected to generate up to \$1.0 million in revenue by the end of this year. Additionally, we expanded our service offerings under a master services agreement (MSA) with a leading network integrator and equipment manufacturer to support their global equipment rollout for a DAS project. This project will add significant growth to FTE's wireless services line of business. In May, we announced that we were awarded a contract by a Fortune 100 global telecommunications company to deliver infrastructure services, that include building penetrations, fiber cable placement and all other critical infrastructure services; expanding both our ISP line of business and our footprint into five markets. We have also signed an MSA with EdgeConneX in July for data center infrastructure services. All of these contract awards are in line with our strategy to shift our revenue concentration towards higher-margin lines of business in order to drive profitability, while expanding geographically across the U.S. and abroad."

David Lethem, Chief Financial Officer of FTE Networks, added, "As part of our business strategy to target high-margin, recurring lines of business, we have made a decision to jettison the majority of our staffing line of business due to its historically low margins. As a result, while total revenue decreased this quarter compared to the second quarter of 2015, we have experienced significant growth in our gross margins and an increase in telecommunications revenue. I am pleased to report we were nearly EBITDA positive for the second quarter of 2016 and expect to be EBITDA positive going forward. We have implemented an aggressive cost cutting campaign and have reduced operating expenses by \$220,000 on an annualized basis by restructuring and insourcing financial reporting processes. In addition, we have reduced our equipment leases by \$50,000 per month and have started negotiating new insurance policies, reducing the premium on our first new policy by 18%. Further, we continue to improve our balance sheet, as we reduced our debt and accounts payable by approximately \$859,000 since the beginning of 2016. Overall, management is laser focused on growing the top line while continuing to further improve the cost structure. As such, we expect to see the benefits of these combined initiatives in the third and fourth quarters of 2016, which we expect will lead to increasing cashflow."

Mr. Palleschi also noted, "During the second quarter we expanded to a variety of new markets, and our national footprint now spans from coast to coast with additional geographic expansion and deeper penetration in the respective markets planned in the second half of the year. We currently have approximately \$33 million in backlog over the next 12 months and a growing sales pipeline, which we anticipate will lead to top line and bottom line growth. Management has made great strides in mobilizing the necessary teams to support aggressive execution of our existing and new contracts."

About FTE Networks, Inc.

FTE Networks, Inc. (FTNW), and its wholly owned subsidiaries, is a leading international networking infrastructure solutions company. We design, build, and support telecommunications and technology systems and provide infrastructure services for

companies including Fortune 500, operating four (4) industry segments; Data Center Infrastructure, Fiber Optics, Wireless Integration, and Surveillance & Security. FTE Networks is headquartered in Naples, Florida, with offices throughout the United States and Europe. For more information, please visit: www.ftenet.com.

Forward-Looking Statements

This release may contain forward-looking statements relating to the business of FTE. All statements other than historical facts are forward-looking statements, which can be identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions. These statements involve risks and uncertainties that may cause actual results to differ materially from those anticipated, believed, estimated or expected. These risks and uncertainties are described in detail in our filings with the Securities and Exchange Commission. Forward-looking statements are based on FTE's current expectations and beliefs concerning future developments and their potential effects on FTE. There is no assurance that future developments affecting FTE will be those anticipated by FTE. FTE undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

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