

# LICT CORPORATION

**For Immediate Release**

## **LICT CORPORATION REPORTS THIRD QUARTER 2015 RESULTS**

**Rye, NY – October 23, 2015** – LICT Corporation (“LICT”; OTC Pink<sup>®</sup>: LICT) **THIRD QUARTER RESULTS** – Revenues for the third quarter ended September 30, 2015 were \$21.6 million compared to \$21.9 million in the corresponding quarter in 2014. EBITDA before corporate costs was \$8.6 million, as compared to \$9.4 million in the previous year’s third quarter.

Non-regulated revenues grew by 18.0% to \$9.7 million from the prior year’s \$8.2 million due to increased broadband and competitive local exchange carrier (“CLEC”) revenues. Regulated revenues were \$11.9 million in the third quarter of 2015, off \$1.7 million from \$13.6 million the prior year’s quarter reflecting lower intra-state revenues, primarily at our New Mexico operation, and lower interstate revenues across almost all of our operations and the absence of last year’s favorable out of period adjustment of \$0.3 million.

Non-regulated EBITDA for the third quarter, including the cash received from our equity in affiliates, grew 23.1% to \$4.4 million, from the prior year’s \$3.6 million. Regulated EBITDA fell \$1.7 million to \$4.2 million reflecting the decline in non-regulated revenues.

Earnings per share from continuing operations during the third quarter were \$73 per share in 2015 versus \$101 per share in 2014. Shares outstanding at September 30, 2015, were 22,090 versus 22,272 at December 31, 2014 and 22,327 at September 30, 2014.

All 2014 amounts have been restated to reflect the sale of the Company’s New York operations, DFT Communications Corporation, which closed in December 2014.

**FULL YEAR RESULTS** – For the year ending December 31, 2015, LICT expects revenues to be approximately \$86 million, as compared to \$85.9 million in 2014. LICT is expecting EBITDA, prior to corporate costs but including cash received from our equity affiliates, of approximately \$36 million, as compared to \$37.8 million in 2014. These forecasts have been reduced by \$2 million each, from previous expectations primarily due to lower regulated revenues.

**CAPITAL EXPENDITURES AND DEPRECIATION EXPENSE** – In 2015, capital expenditures were \$4.4 million for the third quarter as compared to \$4.8 million in the third quarter of 2014. LICT is expecting capital expenditures for the full year 2015 of \$17 million as compared to \$16.5 million for the full year 2014. This reflects our commitment to provide the communities we serve with enhanced communication capabilities. Those capabilities are being developed through our continued investment in the improvement of our products and in our network infrastructure, particularly our broadband networks. Through upgraded electronics and fiber extensions deeper into our networks, we have improved the speed, the capacity and the reliability of our broadband service offerings.

ACQUISITION–Dixon Telephone Company (“Dixon”) in eastern Iowa. Dixon provides broadband data, video and voice communications to four communities that are geographically adjacent to Central Scott’s franchised service territory. The transaction has been approved by its shareholders and closing is awaiting approval by regulatory authorities. Financial terms of the transaction are not provided at this time.

BROADBAND REGULATION – In April 2014, continuing a lengthy and ongoing process, the FCC ordered further modifications to Intercarrier Compensation (‘ICC’) and the Universal Service Fund (“USF”), and issued a Further Notice of Proposed Rulemaking (“FNPRM”). Due to the many unresolved items in the FNPRM, which may impact “rate-of-return carriers” including many of our companies, it is not possible to predict the impact that the FCC's ICC and USF reforms will have on LICT's future revenues at this time. ICC and USF programs generate, on a combined basis, approximately 40% of our revenues. We believe that government policy will continue to encourage and support communication services in rural areas, but there is no certainty that such support will be continued at historical levels or through the current mechanisms. As a result of this, as well as opportunities created from new technologies and the internet, we have focused on developing non-regulated, high speed businesses, such as broadband service by fiber optic and advanced DSL technologies, to supplement our traditional rural telephone services.

OPERATING STATISTICS – As of September 30, 2015, the Company’s DSL penetration in its franchised telephone service territories, based on total RLEC voice lines, was 73.7%, compared to 71.6% as of December 31, 2014. Our summary operating statistics, restated for the sale of the Company’s New York operations, are as follows:

	September 30,	September 30,	Dec. 31,	Year to Date	Percent
	2015	2014	2014	Increase	Increase
				(Decrease)	(Decrease)
ILEC voice lines	27,761	28,495	28,110	(349)	(1.2)%
CLEC voice ”	5,254	4,852	5,019	235	4.7%
Total voice ”	33,015	33,347	33,129	(114)	(0.3)%
Broadband ”	27,872	26,085	26,072	1,800	6.9%
LD Resale ”	16,942	15,596	15,531	1,411	9.1%
Video Subscribers	6,075	6,307	6,117	(42)	(0.7)%

BALANCE SHEET - As of September 30, 2015, the company had \$17.1 million in cash and \$45.9 million in debt, or \$28.8 million in net debt, as compared to \$36.3 million at December 31, 2014. The net debt at September 30, 2014 totaled \$35.0 million. As part of the DFT transaction, LICT retains a note receivable of \$3.25 million and has a 20% on-going equity interest in those operations.

REFINANCING THE COMPANY – In December 2014, the Company secured a \$30 million line of credit agreement to replace its existing \$25 million line of credit. This replacement line expires in December 2017. The line provides the company with increased financial flexibility for expanded business initiatives, higher borrowing capacity, shareholder compensation, and a lower interest rate. Interest expense was \$643,000 in

the third quarter of 2015 as compared to \$921,000 in the third quarter of 2014, reflecting lower borrowings and reduced rates.

**SHARE REPURCHASES** – During the nine months ended September 30, 2015, the Company repurchased 271 shares for \$1.4 million at an average price of \$5,201 per share. At that date, we had 784 shares left in our 1,300 share buyback authorization, including the additional 300 shares authorized by the Board of Directors in July 2015. As of September 30, 2015, 22,090 shares were outstanding. Of note, since September 30, 2015, the Company purchased an additional 60 shares or roughly \$0.3 million in total.

**BUSINESS INITIATIVES** –The Board of Directors and management have implemented measures which have improved liquidity and reduced the Company’s debt position. At this time, the Board is considering whether the Company should acquire additional leverage which would enable us to explore broader opportunities both within and outside our current operations in broadband and telecommunications.

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This release contains certain forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation anticipated financial results, financing, capital expenditures and corporate transactions. It should be recognized that such information is based upon certain assumptions, projections and forecasts, including without limitation business conditions and financial markets, regulatory and other approvals, and the cautionary statements set forth in documents filed by LICT on its website, [www.lictcorp.com](http://www.lictcorp.com). As a result, there can be no assurance that any possible transactions will be accomplished or be successful or that financial targets will be met, and such information is subject to uncertainties, risks and inaccuracies, which could be material.

LICT Corporation is a holding company with subsidiaries in broadband and other telecommunications services that actively seeks acquisitions, principally in its existing business areas.

LICT Corporation is listed on the OTC Pink<sup>®</sup> under the symbol LICT. For further information visit our website at <http://www.lictcorp.com>.

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**LICT CORPORATION**  
**Statements of Operations and Selected Balance Sheet Data**  
(In Thousands, Except Per Share Data)

**Exhibit A**  
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**STATEMENTS OF OPERATIONS**

	<b>Three Months Ended (a)</b>		<b>Nine Months Ended (a)</b>	
	<b>September 30, 2015</b>	<b>2014</b>	<b>September 30, 2015</b>	<b>2014</b>
<b>Revenues</b>	\$21,577	\$21,843	\$64,331	\$64,188
<b>Cost and Expenses:</b>				
Cost of revenue, excluding depreciation	10,743	9,721	30,431	28,156
Selling, general and administration	2,905	3,013	8,528	8,558
Corporate office expense	618	718	2,125	2,308
Depreciation and amortization	4,338	4,448	13,338	13,281
<b>Operating profit (a)</b>	<u>2,972</u>	<u>3,493</u>	<u>9,909</u>	<u>11,885</u>
<b>Other Income (Expense)</b>				
Investment income	42	19	323	418
Interest expense	(643)	(921)	(2,213)	(2,878)
Equity in earnings of affiliated companies	11	396	800	1,256
Other gains/(losses) – net	(1)	3	22	55
	<u>(637)</u>	<u>(503)</u>	<u>(1,069)</u>	<u>(1,149)</u>
<b>Income Before Income Tax Provision</b>	2,335	3,440	8,841	10,736
Provision For Income Taxes	(729)	(1,274)	(3,511)	(4,146)
<b>Net Income before discontinued operations</b>	1,606	2,166	5,329	6,590
Net Income from discontinued operations	-	96	117	315
<b>Net Income</b>	<u>\$1,606</u>	<u>\$2,263</u>	<u>\$5,446</u>	<u>\$6,906</u>
<b>Capital Expenditures</b>	\$4,413	\$4,827	\$12,927	\$11,457
<b>Weighted Average Shares Used In Earnings</b>				
Per Share Computations	21,937	22,418	22,179	22,358
Actual shares outstanding at end of period	22,090	22,327	22,090	22,327
<b>Basic and Diluted Earnings Per Share</b>				
Net income before discontinued operations	\$73.21	\$96.62	\$240.27	\$294.75
Net income from discontinued operations	-	4.28	5.28	14.09
Net income	<u>\$73.21</u>	<u>\$100.95</u>	<u>\$245.55</u>	<u>\$308.88</u>

(a) The Third Quarter and Year to Date results of 2014 are restated to reflect the sale of the Company's New York operations as a discontinued operation, which occurred on December 24, 2014.

(b) see EBITDA on page 2

**LICT Corporation**  
**Statements of Operations and Selected Balance Sheet Data-Continued**  
(in thousands, Except Per Share Data)

**Exhibit A**  
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<b>SELECTED BALANCE SHEET DATA</b>	<b>September 30, 2015</b>	<b>Dec. 31, 2014</b>	<b>September 30, 2014</b>
Cash and Cash Equivalents	\$17,142	\$18,155	\$10,804
Auction 97 Deposits	--	19,000	--
Note receivable – Sale of New York operations	3,250	3,250	--
Short-Term Loan from Affiliate –Auction 97	--	15,000	--
Long-Term Debt (including current portion)	45,947	58,466	37,860
Liabilities, including taxes, other than debt	\$32,405	\$30,956	\$44,992
Shareholders' Equity attributable to LICT	\$103,551	\$98,727	\$95,955
Shares Outstanding at Date	22,090	22,272	22,327

**EBITDA**

EBITDA is an established measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors, and other interested parties in the telecommunications industry because it eliminates many differences in financial, capitalization, and tax structures, as well as non-cash and non-operating charges to earnings. We believe that EBITDA trends are a valuable indicator of whether our operations are able to produce sufficient operating cash flow to fund working capital needs, service debt obligations, and fund capital expenditures.

EBITDA equals net income, before interest expense, income tax expense, depreciation and amortization expense, investment income, equity in earnings of affiliated companies, gain (loss) on sale of investment, impairment charges, and net income from discontinued operations. EBITDA also now includes the cash distributions we receive from the equity in earnings of affiliated companies. Although we do not have majority voting control of such companies, we have the ability to significantly influence financial and accounting policies.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>EBITDA</b>				
Operating Subsidiaries	\$7,928	\$9,108	\$25,371	\$27,473
Cash received from equity affiliates	675	315	1,750	943
	8,603	9,423	27,121	28,416
Corporate Office Expense	(618)	(718)	(2,125)	(2,308)
<b>Total EBITDA</b>	<b>7,985</b>	<b>8,705</b>	<b>24,996</b>	<b>26,108</b>
Depreciation and amortization	(4,338)	(4,448)	(13,338)	(13,281)
Less Cash received from equity affiliates, above	(675)	(315)	(1,627)	(943)
<b>Operating profit</b>	<b>\$2,972</b>	<b>\$3,942</b>	<b>\$9,908</b>	<b>\$11,884</b>