

# LICT CORPORATION

**For Immediate Release**

## **LICT CORPORATION REPORTS FIRST QUARTER 2018 RESULTS**

- **Revenues increased 4.2% to \$27.2 million from \$26.1 million**
- **EBITDA grew 11.4% to \$13.0 million from \$11.6 million**
- **EPS, bolstered by tax changes, rose to \$235 per share from \$170 per share**

**Rye, NY – April 18, 2018** – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports financial results for the first quarter ended March 31, 2018.

**FIRST QUARTER RESULTS** – In 2018, LICT’s first quarter revenues increased by \$1.1 million, or 4.2%, to \$27.2 million compared to \$26.1 million for the corresponding quarter in 2017. Non-regulated revenues gained 8.4%, to \$12.2 million from the prior year’s \$11.2 million due to increased broadband and competitive local exchange carrier (“CLEC”) revenues. Regulated revenues increase 1.0%, to \$15.0 million in the first quarter of 2018 from the prior year’s \$14.9 million.

EBITDA before corporate costs was \$13.0 million as compared to \$11.6 million in the previous year’s first quarter, an 11.4% increase. Non-regulated EBITDA, including affiliate distributions, rose 20.0% to \$5.5 million, from \$4.6 million, while regulated EBITDA increased to \$7.4 million, from \$7.0 million.

**FULL YEAR RESULTS** –The Company continues to forecast that revenues for 2018 will approximate \$110 million and EBITDA before corporate costs, charitable contributions and non-operating income will approximate \$50 million.

**EARNINGS PER SHARE** – Diluted earnings per share during the first quarter were \$235 per share in 2018 as compared to \$170 per share in 2017. Shares outstanding at March 31, 2018, were 20,427 versus 20,509 at December 31, 2017.

**CAPITAL EXPENDITURES** – In the first quarter 2017, capital expenditures were \$5.2 million, of which \$2.7 million was for non-regulated activities and \$2.5 million for regulated activities. In order to expand the Company’s non-regulated fiber initiatives and provide a high level of broadband to our customers in the rural areas of the United States, we are expecting capital expenditures of \$21 million in 2018. This capital enables us to offer enhanced broadband speeds and will increase the overall fiber route miles in our network. As of March 31, 2018, LICT operations deployed 4,500 miles of fiber optic cable, 12,041 miles of copper cable, and 687 miles of coaxial cable.

**LIQUIDITY EVENT FROM INVESTMENT IN SPECTRUM ACQUISITION COMPANY** – LICT has previously noted a liquidity event with regard to an investment in PTPMS Communications, LLC

“PTPMS”). On February 28, 2018, the Straight Path transaction closed and the Company is in the process of negotiating for our share of the net proceeds from this transaction.

**BALANCE SHEET** – Our net debt was \$19.0 million at March 31, 2018, as compared to \$23.9 million on December 31, 2017.

**REFINANCING THE COMPANY** – 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 continues to re-evaluate its refinancing alternatives.

**SHARE REPURCHASES** – During the three months ended March 31, 2018, the Company repurchased 117 shares for \$1.4 million, with an average price of \$11,758 per share. In addition, in the first quarter of 2018, 35 shares were issued under the Company’s Restricted Stock Awards program. As of March 31, 2018, 20,427 shares were outstanding.

**TAX CUTS AND JOBS ACT** - On December 22, 2017, the United States Congress passed the Tax Cuts and Jobs Act of 2017 (“Act”). Two aspects of this Act significantly impacted LICT: (a) reducing the Federal corporate income tax rate to 21%, from LICT’s 35% 2017 rate, (b) 100% expensing of capital expenditures through 2023, after which the expensing percentage phases down. The change in the Federal tax rate reduced our liability for deferred income taxes at the end of 2017 by \$7.1 million, and lower over effective tax rate in the first quarter of 2018 to 26.4%, from 38.5% in the first quarter of 2017. The rate reduction and 100% expensing of capital expenditures will reduce our 2018 tax payments.

**OPERATING STATISTICS** – As of March 31, 2018, the Company’s DSL penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier (“ILEC”) voice lines, was 80.4%, compared to 79.5% as of December 31, 2017. Our summary operating statistics are as follows:

	Mar. 31, 2018	Dec. 31, 2017	Increase (Decrease)	Percent Increase (Decrease)
Broadband lines	32,044	31,521	523	1.7%
Voice Lines				
ILEC	26,407	26,655	(248)	(0.9%)
CLEC	7,144	7,006	138	2.0%
Total	33,551	33,661	(110)	(0.3%)
Video Subscribers	5,822	5,985	(163)	(2.8%)
Revenue Generating Units	71,417	71,167	250	0.4%

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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.lictcp.com](http://www.lictcp.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. Such forward-looking 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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914/921-8821

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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</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues</b>	\$27,180	\$26,086
<b>Cost and Expenses:</b>		
Cost of revenue, excluding depreciation	11,946	11,840
Selling, general and administration	2,798	2,813
Corporate Office Expenses	982	1,053
Depreciation and amortization	5,064	4,595
<b>Total Costs and Expenses</b>	<b>20,790</b>	<b>20,301</b>
<b>Operating profit</b>	<b>6,390</b>	<b>5,785</b>
<b>Other Income (Expense)</b>		
Investment income	284	275
Interest expense	(492)	(592)
Equity in earnings of affiliated companies	345	396
Other	19	2
	<b>156</b>	<b>81</b>
<b>Income Before Income Tax Provision</b>	<b>6,546</b>	<b>5,866</b>
(Provision) Benefit for Income Taxes	(1,728)	(2,258)
<b>Net Income</b>	<b>\$4,817</b>	<b>\$3,608</b>
<b>Capital Expenditures</b>	<b>\$5,246</b>	<b>\$3,446</b>
<b>Weighted Average Shares:</b>		
Basic	20,459.05	21,176
Diluted	20,482.99	21,270
<b>Actual shares outstanding at end of period</b>	<b>20,427.37</b>	<b>21,266</b>
<b>Earnings Per Share:</b>		
Basic Net Income	\$235.45	\$170
Dilutive Earnings Per Share	\$235.17	\$169

**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>Mar. 31, 2018</b>	<b>Dec. 31, 2017</b>
Cash and Cash Equivalents	\$10,045	\$7,055
Note receivables and other deposits	3,250	3,250
Long-Term Debt (including current portion)	29,001	31,001
Liabilities, including taxes, other than debt	\$27,808	\$26,685
Shareholders' Equity	\$125,221	\$122,239
Shares Outstanding at Date	20,427.37	20,509

**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 (loss), before interest expense, income tax expense (benefit), 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. The inclusion of cash received from equity companies is a change from past practice.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>EBITDA</b>		
Operating Subsidiaries	\$12,436	\$11,433
Cash received from equity affiliates	538	213
	12,974	11,646
Corporate Office Expense	(982)	(1,053)
<b>Total EBITDA</b>	<b>11,992</b>	<b>10,593</b>
Depreciation and amortization	(5,064)	(4,595)
Less Cash received from equity affiliates, above	(538)	(213)
<b>Operating profit</b>	<b>\$6,390</b>	<b>\$5,785</b>