

LICT Corporation

401 Theodore Fremd Avenue
Rye, N.Y. 10580
914-921-8821
www.lictcorp.com

For Immediate Release:

Contact: Daniel E. Hopkins
President & CFO

Stephen J. Moore
Vice President-Finance

LICT CORPORATION REPORTS PRELIMINARY FOURTH QUARTER AND FULL YEAR 2019 RESULTS

LICT achieves another quarter of solid revenue growth, stable EBITDA, and strong cash from operations; balance sheet strengthens as net cash grows

Fourth Quarter

- Revenues increased 10% to \$31.2 million from \$28.4 million.
- EBITDA grew to \$14.7 million from \$13.4 million.
- EPS rose 25% to \$344 per share from \$275 per share.

Full Year

- Revenues climbed 3.8% to a record \$118.4 million from \$114.1 million.
- EBITDA was \$53.4 million versus \$53.3 million.
- EPS rose to \$1,353 per share from \$1,256 per share.

Rye, NY – February 24, 2020 – LICT Corporation (“LICT” or the “Company”; OTC Pink®: LICT) reports preliminary, unaudited, financial results for the year ended December 31, 2019.

FOURTH QUARTER RESULTS – In 2019, LICT’s fourth quarter revenues increased \$2.8 million to \$31.2 million compared to \$28.4 million for the corresponding quarter in 2018. Reported EBITDA was \$14.7 million in the fourth quarter of 2019 as compared to \$13.4 million in the fourth quarter of 2018.

Non-regulated revenues gained 10.3%, to \$14.2 million from the prior year’s \$12.8 million due to increased broadband and competitive local exchange carrier (“CLEC”) revenues. Regulated revenues increased by 9.8%, to \$17.1 million in the fourth quarter of 2019 from the prior year’s \$15.5 million. Non-regulated EBITDA rose by 3.6% to \$5.7 million, from \$5.5 million, while regulated EBITDA increased to \$9.1 million, from \$8.1 million.

In the fourth quarter, LICT completed the sale of its New Hampshire operation to CIBL. LICT is treating the results of the New Hampshire operation as a discontinued operation and its contributions to LICT’s consolidated operating results have been excluded from amounts previously reported.

FULL YEAR RESULTS – The Company recorded revenues of \$118.4 million for 2019 and EBITDA of \$53.4 million compared to 2018 revenues of \$114.1 million and EBITDA of

\$53.3. The 2018 full year revenue and EBITDA includes the recording of additional A-CAM revenues of \$2.9 million which were retroactive to 2017. Adjusting for this, ongoing full year revenues were \$111.2 million, and EBITDA was \$50.4 million for the full year of 2018.

EARNINGS PER SHARE – Diluted earnings per share from ongoing operations, during the fourth quarter were \$344 per share in 2019 as compared to \$275 per share in 2018. The full year diluted earnings per share were \$1,353 in 2019 and \$1,256 in 2018. Shares outstanding at December 31, 2019 were 19,188 versus 19,931 at December 31, 2018.

ALTERNATIVE – CONNECT AMERICA COST MODEL (“A-CAM”) PROGRAM – Effective January 1, 2017, ten of LICT’s rural telephone companies elected to participate in the Federal Communications Commission’s (FCC) A-CAM program. The A-CAM program is designed to increase speed and expand the deployment of broadband capabilities throughout the nation’s rural areas. This program replaced two prior Universal Service Fund mechanisms for companies electing A-CAM. During 2018, the FCC expanded the A-CAM program retroactive to January 1, 2017. Accordingly, in 2018, LICT recorded additional A-CAM revenues of \$5.8 million, of which \$2.9 million related to the year ended December 31, 2017.

On February 25, 2019, the FCC expanded the A-CAM program for those companies whose support was initially capped and offered LICT companies \$4.6 million in additional annual A-CAM funding, which was retroactive to January 1, 2019. With this increase, these capped companies have now been offered the fully funded support contemplated by the initial A-CAM program. In addition, the FCC extended the A-CAM annual support payments, for two additional years to December 31, 2028. Acceptance of these additions requires the companies to provide increased broadband speed to a greater number of locations. The Company’s subsidiaries have accepted this A-CAM expansion program and received the year to date incremental funding of \$2.3 million in the second quarter of 2019.

On May 2, 2019, the FCC further expanded the A-CAM program (“A-CAM II”) to companies still receiving legacy universal service support in their service territories. LICT has three companies that have elected to participate and received \$1.3 million in annual A-CAM II funding for the full year ending December 31, 2019. The Company’s subsidiaries received the 2019 year to date incremental funding in the 3rd quarter of 2019. As of 2019, all of LICT’s rural telephone companies have elected A-CAM regulation.

SHAREHOLDER DESIGNATED CHARITABLE CONTRIBUTION PROGRAM – In 2016, the Company adopted a Shareholder Designated Charitable Contribution Program. Under the Program, all registered shareholders are eligible to designate charities and the company will contribute to that charity. In 2016 through 2019, the company made \$100 per share contributions on behalf of its shareholders to their designated charities. In 2019 and 2018, total contributions under this Program, amounted to \$1.3 million and \$2.5 million, respectively, and the after-tax earnings per share effect of these contributions was \$67 per share in 2019 versus \$122 per share in 2018.

BALANCE SHEET – LICT’s balance sheet continued to improve in 2019 as a result of strong cash from operations. The balance sheet at yearend 2019 reflects the milestone event of the cash exceeding outstanding debt with net cash of \$3.7 million at December

31, 2019 compared to net debt \$7.4 million on December 31, 2018. The Company anticipates that cash will continue to increase through 2020 as a result of continued strong cash from operations combined with the proceeds from the MODOC Partnership sale.

\$50 MILLION UNSECURED REVOLVING CREDIT FACILITY – LICT closed on a new 5-year, \$50 million unsecured Revolving Credit Facility with CoBank. In addition to extending the Revolving Credit Facility through 2025, the new loan facility is unsecured, provides for lower borrowing rates, and has more flexible terms.

FCC SPECTRUM AUCTIONS - LICT Wireless Broadband Company, LLC (“LICT Wireless”), a wholly owned subsidiary of the Company, is a qualified bidder in the FCC auction for spectrum, Auction 103 – 37 GHz, 39 GHz, 47.2 GHz. These spectrum bands are designated to be used for provision of 5G wireless services. This auction began on December 10, 2019 and is still in process. FCC rules restrict information that bidders may disclose about their participation in these Auctions, including the amount of their upfront payment.

SALE OF NEW HAMPSHIRE OPERATION TO CIBL – LICT completed the sale of its New Hampshire operation to CIBL, a publicly traded company that was spun-off by LICT in 2007. The transaction was announced in August of 2019 and closed at year end 2019. The New Hampshire operation consists of the Bretton Woods Telephone Company a Rural Local Exchange Carrier serving the Mt. Washington/Carroll, NH area, and World Surfer, Inc., a Competitive Local Exchange Carrier serving the same area. These companies are leading providers of broadband and communications services to an approximately 35 square-mile area in northern New Hampshire, including the Omni Mount Washington Hotel and Resort, and The Mount Washington Cog Railway. LICT now owns approximately 6% of CIBL’s outstanding common stock.

SALE OF MODOC PARTNERSHIP – The Company completed the sale of its minority interest in the MODOC RSA Limited Partnership to Verizon Wireless. The sale closed on January 2, 2020.

CAPITAL EXPENDITURES – For 2019, capital expenditures were \$24.7 million, of which \$13.8 million was for non-regulated activities and \$10.9 million for regulated activities. In order to expand the Company’s non-regulated fiber initiatives and provide quality broadband services to our customers in the rural areas of the United States, our current plan calls for capital expenditures of \$25 to \$27 million in 2020. As of December 31, 2019, LICT operations deployed 4,861 miles of fiber optic cable, 11,455 miles of copper cable, and 745 miles of coaxial cable.

2020 OUTLOOK – LICT expects to continue its strong financial performance in 2020 with total revenues of \$120 to \$124 million, EBITDA in the range of \$54 to \$56 million, and total capital expenditures between \$25 and \$27 million. The balance sheet is expected to continue to improve throughout 2020 as a result of solid cash generation from operations and cash proceeds from the MODOC Partnership sale.

SHARE REPURCHASES – During the year ended December 31, 2019, the Company repurchased 743 shares for \$12.4 million, with an average price of \$16,739 per share.

OPERATING STATISTICS / BROADBAND DEPLOYMENT - As of December 31, 2019, the Company's DSL penetration in its franchised telephone service territories, based on its total Incumbent Local Exchange Carrier ("ILEC") voice lines, was 84.8%, as compared to 79.5% at December 31, 2018. Our capital spending will enable us to meet A-CAM requirements, offer enhanced broadband speeds, and increase the overall fiber route miles in our network. Our summary operating statistics excluding New Hampshire Operations in 2019 and 2018 are as follows:

	December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2019	2018		
Broadband lines	35,393	33,276	2,117	6.4%
Voice Lines				
ILEC	24,520	25,722	(1,202)	(4.7%)
Out of Area	7,525	7,301	224	3.1%
Total	32,045	33,023	(978)	(3.0%)
Video Subscribers	4,628	5,009	(381)	(7.6%)
Revenue Generating Units	72,066	71,308	758	1.1%

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. 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® under the symbol LICT. For further information visit our website at <http://www.lictcorp.com>.

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

Exhibit A
Page 1 of 3

STATEMENTS OF OPERATIONS

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Revenues	\$31,238	\$28,390	\$118,383	\$114,135
Cost and Expenses:				
Cost of revenue, excluding depreciation	13,627	12,007	51,853	47,770
Selling, general and administration	2,850	2,790	11,681	11,273
Corporate Office Expenses	660	921	3,895	4,006
Charitable Contributions	1,298	1,200	1,298	2,477
Depreciation and amortization	5,208	5,067	19,256	19,590
Total Costs and Expenses	23,643	21,985	87,983	85,116
Operating profit	7,595	6,405	30,400	29,019
Other Income (Expense)				
Investment income	23	65	332	612
Interest expense	(380)	(466)	(1,487)	(1,741)
Equity in earnings of affiliated companies	770	820	2,744	2,732
Other	100	(55)	2,603	3,276
	513	364	4,192	4,879
Income Before Income Tax Provision	8,108	6,769	34,592	33,898
(Provision) Benefit for Income Taxes	(1,502)	(1,272)	(8,235)	(8,480)
Net Income from Continuing Operations	\$6,606	\$5,497	\$26,357	\$25,418
Income from Discontinued Operations Before Income Tax Provision				
Gain on Sale of Discontinued Operations	33	110	255	476
(Provision) Benefit for Income Taxes	250	--	250	--
	(68)	(27)	(121)	(114)
Net Income from Discontinued Operations	\$215	\$83	\$384	\$362
Net Income	\$6,821	\$5,580	\$26,741	\$25,780
Earnings Per Share	\$355	\$279	\$1,373	\$1,259
Capital Expenditures	\$6,415	\$7,515	\$24,668	\$22,494

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Weighted Average Shares:				
Basic	19,235	19,994	19,479	20,232
Diluted	19,270	20,029	19,514	20,269
Actual shares outstanding at end of period	19,188	19,931	19,188	19,931
Earnings Per Share:				
Basic Net Income:				
Net income from continuing operations	\$344	\$275	\$1,353	\$ 1,256
Net income from discontinued operations	11	4	20	\$ 18
Net income attributable to LICT Corporation	<u>\$355</u>	<u>\$279</u>	<u>\$1,373</u>	<u>\$1,274</u>
Dilutive Earnings Per Share:				
Net income from continuing operations	\$343	\$274	\$1,351	\$1,254
Net income from discontinued operations	11	4	20	18
Net income attributable to LICT Corporation	<u>\$354</u>	<u>\$278</u>	<u>\$1,371</u>	<u>\$1,272</u>
Dilutive Earnings Per Share by Component:				
On-going operations	\$431	\$352	\$1,357	\$1,166
Out of period items	(21)	(17)	60	90
Charitable contributions	(67)	(60)	(67)	(122)
Gain on sale of assets in a minority position	-	-	-	120
Reported	<u>\$343</u>	<u>\$274</u>	<u>\$1,351</u>	<u>\$1,254</u>

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

Exhibit A
Page 3 of 3

SELECTED BALANCE SHEET DATA	Dec. 31, 2019	Dec. 31, 2018
Cash and Cash Equivalents	\$8,414	\$7,554
Other short-term investments	\$20,000	\$20,000
Notes receivable	--	\$2,890
Long-Term Debt (including current portion)	\$24,678	\$30,976
Liabilities, including taxes, other than debt	\$34,610	\$33,747
Shareholders' Equity	\$155,033	\$140,369
Shares Outstanding at Date	19,188	19,931

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 is calculated as Operating Profit from Continuing Operations plus depreciation and amortization expense and charitable contributions. EBITDA also includes the cash distributions received from the equity in earnings of affiliated companies. Although we do not have majority voting control of such companies, we do have the ability to influence financial and accounting policies.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
EBITDA Reconciliation:				
Operating Profit from Continuing Operations	\$ 7,595	\$ 6,405	\$ 30,400	\$ 29,019
Additions:				
Depreciation and amortization	5,208	5,067	19,256	19,590
Charitable contributions	1,298	1,200	1,298	2,477
Corporate Expenses	660	921	3,895	4,006
Cash received from equity affiliates	594	725	2,456	2,200
EBITDA from Operations Before Corporate Expenses	15,355	14,318	57,305	57,292
Corporate Expenses	(660)	(921)	(3,895)	(4,006)
EBITDA	\$ 14,695	\$ 13,397	\$ 53,410	\$ 53,286