

# ATN INTERNATIONAL, INC.

## **FORM 8-K** (Current report filing)

Filed 10/31/17 for the Period Ending 10/30/17

|             |   |
|-------------|---|
| Address     | 500 CUMMINGS CENTER<br>BEVERLY, MA, 01915           |
| Telephone   | 9786191300  |
| CIK         | 0000879585  |
| Symbol      | ATNI  |
| SIC Code    | 4813 - Telephone Communications (No Radiotelephone) |
| Industry    | Integrated Telecommunications Services              |
| Sector      | Telecommunication Services                          |
| Fiscal Year | 12/31   |

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

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**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 30, 2017**

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**ATN INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other  
jurisdiction of incorporation)

**001-12593**  
(Commission File Number)

**47-0728886**  
(IRS Employer  
Identification No.)

**500 Cummings Center**  
**Beverly, MA 01915**  
(Address of principal executive offices and zip code)

**(978) 619-1300**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On October 30, 2017, ATN International, Inc. (the “Company”) issued a press release announcing financial results for the three and nine months ended September 30, 2017. A copy of the press release is furnished herewith as Exhibit 99.1.

Exhibit 99.1 is furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

99.1 Press Release of the Company, dated October 30, 2017.

**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description of Exhibit</b> |
|---------------------------|-------------------------------|
|---------------------------|-------------------------------|

|      |   |
|------|---|
| 99.1 | <a href="#">Press Release of the Company, dated October 30, 2017.</a> |
|------|---|

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ATLANTIC TELE-NETWORK, INC.**

By: /s/ Justin D. Benincasa  
Justin D. Benincasa  
Chief Financial Officer

Dated October 30, 2017

**NEWS RELEASE****FOR IMMEDIATE RELEASE**

Monday October 30, 2017

**CONTACT :**

978-619-1300  
 Michael T. Prior  
 Chief Executive Officer

Justin D. Benincasa  
 Chief Financial Officer

**ATN Reports**  
**Third Quarter 2017 Results**

**Third Quarter Financial Highlights:**

- Revenues: \$122.1 million
- Adjusted EBITDA(1), which excludes the loss on damaged assets and other hurricane related charges was \$37.7 million
- Operating loss of \$19.5 million
- Operating income excluding hurricane related charges(2) is \$17.0 million.
- Net loss attributable to ATN's stockholders: \$24.8 million, or \$1.53 loss per share
- Net income attributable to ATN's stockholders excluding hurricane related charges(2) is \$11.9 million, or \$0.73 per share
- Cash flow from operating activities was \$121.4 million for the first nine months of 2017

**Beverly, MA** (October 30, 2017) — ATN (NASDAQ: ATNI) today reported results for the third quarter and nine months ended September 30, 2017. Unless otherwise indicated, the discussion of the Company's results is focused on its continuing operations, and comparisons are to the same period in the prior year.

**Business Review and Outlook**

"ATN's operating performance in the third quarter was broadly in line with our expectations excluding the impact of the September hurricanes on the U.S. Virgin Islands," said Michael Prior, Chief Executive Officer. "As previously disclosed, we had anticipated a year-over-year decline in wireless revenues resulting from contractual pricing changes in our domestic wholesale wireless business. That was the case in the third quarter, but we were pleased to see traffic was modestly better than we had expected in this seasonally stronger period. Approximately half of the decline in wireline revenues from last year related to the sale of our U.S. wireline business this past March. The other half of the decline reflected the impact from Hurricanes Irma and Maria, which significantly impacted the customers and damaged the network of Viya, our Virgin Islands subsidiary, in September.

"We could not be prouder of Viya's employees and leadership team for the work they have done before, during and after the storm. They have been instrumental in leading, coordinating and partnering with local and federal authorities and charitable organizations on many community relief efforts. Among other things Viya has been coordinating damage assessments with the local power authority, providing free wireless hot

spots to the community and restoring critical services. These recovery efforts have been supported by numerous engineers and technical and other employees from within the ATN group.

“We have been able to restore wireless coverage to a large part of St. Thomas and expect to bring up wireless service on St. Croix over the next few weeks. St. John, the smallest of the main islands, is being serviced with hot spots. Our damage assessment has been hampered by the still devastating island conditions and lack of commercial power and therefore is not yet complete. We currently estimate that approximately one third of our wireline plant sustained significant damage, but only a very small percentage of our wireline customers are currently receiving service, due to the lack of commercial power as well as the damage to many residences. Until commercial electricity is restored to more of the territory, it is difficult to assess the timeline for restoring wireline services, which currently comprise most of our revenue in the USVI. We do have insurance for named storms which compensates us for replacement costs of damaged property, extra expenses and business interruption up to a net coverage of approximately \$34 million, but we believe total losses for these items will exceed this level. Additionally, from a financial reporting standpoint, we do not anticipate the positive offset from insurance proceeds to be recognized until 2018. We expect that the effect on our Adjusted EBITDA of the loss of wireline service revenues from our U.S. Virgin Island properties will be most pronounced in the fourth quarter of this year, with progressive improvement expected over the following two to three quarters.

“In the third quarter, we made progress in our renewable energy venture in India, Vibrant Energy. We received final regulatory approval for an 11 MW (DC) project installation, and we have three additional projects with a combined 29MW (DC) completed and producing power to the grid, but we are awaiting regulatory approval to begin billing our identified customers.

“We completed over \$10 million of repurchases of the Company’s common stock during the third quarter as part of the previously announced shift in our capital allocation strategy. Additionally, we made a minority investment in a newly formed Australian telecommunications infrastructure company, and we continue to evaluate other opportunities to put our significant balance sheet capacity to work,” Mr. Prior concluded.

### **Third Quarter 2017 Financial Results**

The Company intends to provide an updated estimate of the loss on damaged assets and other hurricane related charges in the U.S. Virgin Islands with its Quarterly Report on Form 10-Q for the third quarter 2017 to be filed with the SEC as its assessment of the hurricanes impact on operations is still ongoing.

Third quarter 2017 revenues were \$122.1 million, a 12% decrease from the \$138.8 million reported for the third quarter of 2016. Revenue decreases for the quarter include \$7.3 million from the sale of our U.S. Wireline and St. Maarten businesses in the first quarter of the year and the sale of the British Virgin Island business this quarter, \$4.4 million in service disruption credits issued to customers as a result of the hurricanes, and declines in U.S. Telecom revenues mainly related to lower contractual rates. Adjusted EBITDA(1) for the third quarter was \$37.7 million, 19% below the prior year period, primarily associated with the foregoing revenue decreases. Operating loss for the third quarter was \$19.5 million due to expenses and charges related to the hurricanes as well as other revenue declines. Operating income excluding hurricane related charges(2) for the third quarter was \$17.0 million.

Net loss attributable to ATN’s stockholders for the third quarter was \$24.8 million or \$1.53 loss per share, a decrease over the prior year net income of \$7.2 million or \$0.44 income per share. Net Income excluding hurricane related charges(2) for the third quarter was \$11.9 million, or \$0.73 per share.

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(1) See Table 5 for reconciliation of Net Income to Adjusted EBITDA.

(2) See Table 6 for reconciliation of Operating Income (Loss), Net Income (Loss) and Net Income (Loss) per share to Operating Income excluding hurricane charges, Net Income excluding hurricane charges and Diluted income per share excluding hurricane charges, respectively.

Revenues for the first nine months of 2017 were \$373.5 million, a 14% increase from the \$328.5 million reported for the same period in 2016. Revenue increases for this period are mostly due to the impact of the 2016 acquisitions in Bermuda and the U.S. Virgin Islands. Adjusted EBITDA(1) for the first nine months of 2017 was \$118.0 million, an increase of 3% from the prior year. The operating income of \$14.1 million for the first nine months of 2017 includes \$36.6 million of charges related to hurricane damages this quarter without the benefit of any offset from related insurance claim proceeds. Operating income excluding hurricane related charges(2) for the first nine months of 2017 is \$50.7 million. Net loss attributable to ATN stockholders was \$12.0 million or \$0.74 loss per share, as compared to the net income attributable to ATN stockholders of \$10.2 million and \$0.63 per share in the prior year period. Net income excluding hurricane related charges(2) for the first nine months of 2017 was \$24.6 million or \$1.52 per diluted share.

### **Third Quarter 2017 Operating Highlights**

The Company has three reportable segments: (i) U.S. Telecom; (ii) International Telecom; and (iii) Renewable Energy.

#### **U.S. Telecom**

U.S. Telecom revenues consist mainly of wireless revenues from our voice and data wholesale roaming operations and our smaller retail operations in the Southwestern United States, as well as enterprise and wholesale wireline revenues. Total U.S. Telecom segment revenues were \$40.1 million in the third quarter of 2017, a 16% decrease from the \$47.6 million reported in the third quarter of 2016. U.S. Wireless revenues declined 8% to \$36.8 million compared with \$40.1 million in the prior year quarter, due mostly to lower contractual wholesale roaming rates and revenue caps. U.S. Wireline revenues decreased to \$2.3 million from \$6.9 million in the prior year primarily as a result the sale of our Northeastern U.S. wireline business in early March 2017. The Company ended the third quarter of 2017 with 1,061 domestic base stations in service compared to 926 at the end of last year's third quarter.

U.S. Telecom Adjusted EBITDA(1) of \$21.7 million in the third quarter of 2017 decreased 11% compared to the prior year's \$24.3 million. The decrease was mainly due to the reduction in wireless revenues as previously noted partially offset by reductions in wireless operating expenses.

#### **International Telecom**

International Telecom consists of a broad range of information and communications services including wireline and wireless data, internet, voice and video service revenues from our operations in Bermuda and the Caribbean including the U.S. Virgin Islands. International Telecom revenues were \$77.0 million in the third quarter of 2017, a 10% decrease from the \$85.3 million reported in the third quarter of 2016. In addition to the impact of the sale of our businesses in St. Maarten and the British Virgin Islands earlier in 2017, \$4.4 million of service credits were issued for the month of September to customers impacted by hurricane outages in the U.S. Virgin Islands.

International Telecom Adjusted EBITDA(1) of \$20.3 million in the third quarter decreased 18% from \$24.7 million in the prior year period. The decrease is the primarily the result of the revenue impacts from service credits following the hurricanes in the U.S. Virgin Islands, but this figure excludes the loss on damaged assets and other hurricane related charges.

#### **Renewable Energy**

Renewable Energy segment revenues are generated principally by the sale of energy and solar renewable energy credits from our 28 commercial solar projects in the United States. For the third quarter of 2017, revenues from our renewable energy business were \$5.0 million, down 15% from the \$5.9 million in the prior year mostly due to the scheduled expiration of certain renewable energy credits. Adjusted EBITDA(1)



for the Renewable Energy segment was \$2.6 million in the third quarter, down \$1.4 million from the prior year quarter due to the lower revenue and increased operating expenses from the ramp up of our solar business in India ahead of the offsetting revenue.

### **Balance Sheet and Cash Flow Highlights**

Cash and cash equivalents at September 30, 2017 were \$224.6 million. In addition, the Company held \$7.9 million of short-term investments and \$17.0 million of restricted cash. Net cash provided by operating activities was \$121.4 million for the first nine months of 2017, compared with \$92.1 million for the first nine months of 2016. The increase in net cash provided by operating activities is due to the 2017 growth in revenue as a result of the 2016 acquisitions in the U.S. Virgin Islands and Bermuda, in addition to the net impact of 2016 transaction-related charges and impairments of assets, and changes in working capital. During the first nine months of 2017, the Company used cash of \$32.2 million for investments in new assets and businesses after netting proceeds received from the sales and dispositions of other business lines. Total capital expenditures were \$107.7 million for the first nine months of 2017. The Company expects full year 2017 capital expenditures for its domestic and international telecom businesses to be between the \$95.0 million to \$110.0 million range estimated at the beginning of the year. Expenditures include planned major network expansions and upgrades in multiple markets, including the recently acquired Bermuda and U.S. Virgin Islands businesses, and therefore are higher than what we would consider to be ordinary course capital expenditures. These projects include extensive fiber builds and upgrades as well as market-wide mobile data network upgrades but exclude the restoration work being undertaken in the U.S. Virgin Islands post hurricanes Irma and Maria. In addition, capital expenditures for our renewable energy business are expected to be in the range of \$30.0 million to \$40.0 million for the full year 2017, primarily related to ongoing construction of solar projects in India.

Through September 30, the Company has repurchased 201,932 shares of common stock totaling \$10.6 million and paid \$16.5 million in dividends in 2017.

### **Conference Call Information**

ATN will host a conference call on Tuesday, October 31, 2017 at 9:30 a.m. Eastern Time (ET) to discuss its third quarter 2017 results. The call will be hosted by Michael Prior, President and Chief Executive Officer, and Justin Benincasa, Chief Financial Officer. The dial-in numbers are US/Canada: (877) 734-4582 and International: (678) 905-9376, conference ID 1105620. A replay of the call will be available at [ir.atni.com](http://ir.atni.com) beginning at 1:00 p.m. (ET) on October 31, 2017.

### **About ATN**

ATN International, Inc. (Nasdaq:ATNI), headquartered in Beverly, Massachusetts, provides telecommunications services to rural, niche and other under-served markets and geographies in the United States, Bermuda and the Caribbean and owns and operates solar power systems in various locations in the United States and India. Through our operating subsidiaries, we (i) provide both wireless and wireline connectivity to residential and business customers, including a range of mobile wireless solutions, high speed internet services, video services and local exchange services, (ii) provide distributed solar electric power to corporate and municipal customers and (iii) are the owner and operator of terrestrial and submarine fiber optic transport systems. For more information, please visit [www.atni.com](http://www.atni.com).

### **Cautionary Language Concerning Forward Looking Statements**

This press release contains forward-looking statements relating to, among other matters, our future financial performance and results of operations; the estimated timeline for restoration of our U.S. Virgin Islands operations; our estimates of total losses due to Hurricanes Irma and Maria; the competitive environment in our key markets, demand for our services and industry trends; the pace of expansion and improvement of our telecommunications network and renewable energy operations including our level of estimated future capital expenditures and our realization of the benefits of these investments; the anticipated timing of our

build schedule and the commencement of energy production of our India renewable energy projects; and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) our ability to conduct and complete a full assessment of damage in the U.S. Virgin Islands; (2) our ability to restore our networks and services to our customers in the U.S. Virgin Islands in an efficient and timely manner; (3) our ability to operate our newly acquired businesses in Bermuda and the U.S. Virgin Islands and both integrate these operations into our existing operations and execute planned network expansions and upgrades; (4) the general performance of our operations, including operating margins, revenues, capital expenditures, and the future growth and retention of our major customers and subscriber base and consumer demand for solar power; (5) government regulation of our businesses, which may impact our FCC and other telecommunications licenses or our renewables business; (6) economic, political and other risks facing our operations; (7) our ability to maintain favorable roaming arrangements; (8) our ability to efficiently and cost-effectively upgrade our networks and IT platforms to address rapid and significant technological changes in the telecommunications industry; (9) the loss of or an inability to recruit skilled personnel in our various jurisdictions, including key members of management; (10) our ability to find investment or acquisition or disposition opportunities that fit our strategic goals for the Company; (11) increased competition; (12) our ability to expand our renewable energy business; (13) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (14) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (15) the occurrence of weather events and natural catastrophes; (16) our continued access to capital and credit markets; (17) the risk of currency fluctuation for those markets in which we operate and (18) our ability to realize the value that we believe exists in our businesses. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 1, 2017 and the other reports we file from time to time with the SEC. The Company undertakes no obligation and has no intention to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

### **Use of Non-GAAP Financial Measures**

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), this press release also contains non-GAAP financial measures. Specifically, ATN has presented the following measures: Adjusted EBITDA; Operating Income excluding hurricane related charges; Net Income excluding hurricane related charges and; Diluted income per share excluding hurricane related charges. Adjusted EBITDA is defined as net income attributable to ATN stockholders before bargain purchase gain, impairment of long-lived assets, restructuring charges, interest, taxes, depreciation and amortization, transaction-related charges, other income or expense, loss on damages of assets and other hurricane related charges and net income attributable to non-controlling interests. Operating Income excluding hurricane related charges is defined as Operating Income (Loss) adjusted for the loss on damaged assets and other charges from hurricanes. Net Income excluding hurricane related charges is defined as Net Income (Loss) adjusted for the loss on damaged assets and other hurricane related charges. Diluted income per share excluding hurricane related charges is defined as net income (loss) per diluted share adjusted for the loss on damaged assets and other hurricane related charges. The Company believes that the inclusion of these non-GAAP financial measures helps investors gain a meaningful understanding of the Company's core operating results and enhances comparing such performance with prior periods. ATN's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring our core operating performance and comparing such performance to that of prior periods. The non-GAAP financial measures included in this press release are not meant to be considered superior to or a substitute for results of operations prepared in accordance with GAAP. Reconciliations of these non-GAAP financial measures used in this press release to the most directly comparable GAAP financial measure is set forth in the text of, and the accompanying tables to, this press release.

**ATN International, Inc.**  
**Unaudited Condensed Consolidated Balance Sheets**  
(in Thousands)

|  | September 30,<br>2017 | December 31,<br>2016 |
|--|-----------------------|----------------------|
| <b>Assets:</b>                                       |                       |                      |
| Cash and cash equivalents                            | \$ 224,597            | \$ 269,721           |
| Restricted cash                                      | 833                   | 524                  |
| Short-term investments                               | 7,857                 | 9,237                |
| Other current assets                                 | 101,451               | 87,887               |
| <b>Total current assets</b>                          | <b>334,738</b>        | <b>367,369</b>       |
| Long-term restricted cash                            | 16,206                | 18,113               |
| Property, plant and equipment, net                   | 624,595               | 647,712              |
| Goodwill and other intangible assets, net            | 172,231               | 126,193              |
| Other assets   | 36,248                | 38,831               |
| <b>Total assets</b>                                  | <b>\$ 1,184,018</b>   | <b>\$ 1,198,218</b>  |
| <b>Liabilities and Stockholders' Equity:</b>         |                       |                      |
| Current portion of long-term debt                    | \$ 13,944             | \$ 12,440            |
| Taxes payable  | 9,370                 | 13,531               |
| Other current liabilities                            | 150,363               | 124,134              |
| <b>Total current liabilities</b>                     | <b>173,677</b>        | <b>150,105</b>       |
| Long-term debt, net of current portion               | \$ 145,707            | \$ 144,383           |
| Deferred income taxes                                | 45,655                | 46,622               |
| Other long-term liabilities                          | 32,245                | 47,939               |
| <b>Total long-term liabilities</b>                   | <b>223,607</b>        | <b>238,944</b>       |
| <b>Total liabilities</b>                             | <b>397,284</b>        | <b>389,049</b>       |
| Total ATN International, Inc.'s stockholders' equity | 644,628               | 677,055              |
| Non-controlling interests                            | 142,106               | 132,114              |
| <b>Total equity</b>                                  | <b>786,734</b>        | <b>809,169</b>       |
| <b>Total liabilities and stockholders' equity</b>    | <b>\$ 1,184,018</b>   | <b>\$ 1,198,218</b>  |

**ATN International, Inc.**  
**Unaudited Condensed Consolidated Statements of Operations**  
**(in Thousands, Except per Share Data)**

|  | Three Months Ended<br>September 30, |                 | Nine Months Ended<br>September 30, |                  |
|--|-------------------------------------|-----------------|------------------------------------|------------------|
|  | 2017                                | 2016            | 2017                               | 2016             |
| <b>Revenues:</b>   |                                     |                 |                                    |                  |
| Wireless   | \$ 57,254                           | \$ 61,151       | \$ 167,945                         | \$ 177,300       |
| Wireline   | 56,309                              | 66,129          | 181,568                            | 122,190          |
| Renewable energy   | 4,974                               | 5,784           | 14,765                             | 16,935           |
| Equipment and other  | 3,595                               | 5,731           | 9,214                              | 12,046           |
| Total revenue  | <u>122,132</u>                      | <u>138,795</u>  | <u>373,492</u>                     | <u>328,471</u>   |
| <b>Operating expenses:</b>   |                                     |                 |                                    |                  |
| Termination and access fees  | 27,387                              | 34,359          | 85,758                             | 77,872           |
| Engineering and operations   | 18,852                              | 19,372          | 57,881                             | 40,621           |
| Sales, marketing and customer service  | 8,440                               | 8,377           | 26,176                             | 21,814           |
| Equipment expense  | 3,167                               | 3,390           | 8,720                              | 10,751           |
| General and administrative   | 26,620                              | 26,854          | 76,969                             | 62,525           |
| Transaction-related charges  | 61                                  | 2,091           | 887                                | 16,156           |
| Restructuring charges  | —                                   | —               | —                                  | 1,785            |
| Depreciation and amortization  | 21,157                              | 21,866          | 65,904                             | 52,913           |
| Impairment of long-lived assets  | —                                   | 349             | —                                  | 11,425           |
| Bargain purchase gain  | —                                   | —               | —                                  | (7,304)          |
| (Gain) loss on sale of assets  | (593)                               | 56              | 513                                | 27               |
| Loss on damaged assets and other hurricane related charges   | 36,566                              | —               | 36,566                             | —                |
| Total operating expenses   | <u>141,657</u>                      | <u>116,714</u>  | <u>359,374</u>                     | <u>288,585</u>   |
| Operating income (loss)  | (19,525)                            | 22,081          | 14,118                             | 39,886           |
| <b>Other income (expense):</b>   |                                     |                 |                                    |                  |
| Interest expense, net  | (1,645)                             | (1,551)         | (5,480)                            | (2,745)          |
| Loss on deconsolidation of subsidiary  | —                                   | —               | (529)                              | —                |
| Other expense  | (690)                               | 766             | (1,751)                            | 643              |
| Other expense, net   | <u>(2,335)</u>                      | <u>(785)</u>    | <u>(7,760)</u>                     | <u>(2,102)</u>   |
| Income (loss) before income taxes  | (21,860)                            | 21,296          | 6,358                              | 37,784           |
| Income tax expense (benefit)   | <u>(884)</u>                        | <u>9,602</u>    | <u>4,839</u>                       | <u>17,178</u>    |
| Net Income (Loss)  | (20,976)                            | 11,694          | 1,519                              | 20,606           |
| Net Income (Loss) attributable to non-controlling interests, net   | <u>(3,784)</u>                      | <u>(4,523)</u>  | <u>(13,535)</u>                    | <u>(10,400)</u>  |
| Net Income (Loss) attributable to ATN International, Inc. stockholders                                     | <u>\$ (24,760)</u>                  | <u>\$ 7,171</u> | <u>\$ (12,016)</u>                 | <u>\$ 10,206</u> |
| <b>Basic net income per weighted average share attributable to ATN International, Inc. stockholders:</b>   |                                     |                 |                                    |                  |
| Net Income (Loss)  | <u>\$ (1.53)</u>                    | <u>\$ 0.44</u>  | <u>\$ (0.74)</u>                   | <u>\$ 0.63</u>   |
| <b>Diluted net income per weighted average share attributable to ATN International, Inc. stockholders:</b> |                                     |                 |                                    |                  |
| Net Income (Loss)  | <u>\$ (1.53)</u>                    | <u>\$ 0.44</u>  | <u>\$ (0.74)</u>                   | <u>\$ 0.63</u>   |
| <b>Weighted average common shares outstanding:</b>   |                                     |                 |                                    |                  |
| Basic  | 16,178                              | 16,148          | 16,177                             | 16,128           |
| Diluted  | 16,178                              | 16,241          | 16,177                             | 16,228           |

**ATN International, Inc.**  
**Unaudited Condensed Consolidated Cash Flow Statement**  
(in Thousands)

|  | <b>Nine Months Ended September 30,</b> |                   |
|--|--|-------------------|
|  | <b>2017</b>                            | <b>2016</b>       |
| Net income   | \$ 1,519                               | \$ 20,606         |
| Depreciation and amortization  | 65,904                                 | 52,913            |
| Stock-based compensation   | 5,437                                  | 5,032             |
| Loss on damaged assets and other hurricane related charges                     | 35,213                                 | —                 |
| Loss on deconsolidation of subsidiary  | 529                                    | —                 |
| (Gain) Loss on sale of assets  | (536)                                  | 27                |
| Equity in earnings   | 2,033                                  | —                 |
| Bargain purchase gain  | —                                      | (7,304)           |
| Impairment of long-lived assets  | —                                      | 11,425            |
| Deferred income taxes  | 1,456                                  | (8,775)           |
| Change in prepaid and accrued income taxes                                     | (7,971)                                | 21,886            |
| Change in other operating assets and liabilities                               | 13,769                                 | (5,135)           |
| Other non-cash activity  | 4,011                                  | 1,430             |
| <b>Net cash provided by operating activities</b>                               | <b>121,364</b>                         | <b>92,105</b>     |
| Capital expenditures   | (107,652)                              | (78,455)          |
| Acquisition of businesses, net of acquired cash of \$0 and \$8.3 million       | (20,470)                               | (152,499)         |
| Sale of business, net of transferred cash of \$2.1 million                     | 22,381                                 | —                 |
| Purchases of spectrum licenses and other intangible assets, including deposits | (36,832)                               | (10,860)          |
| Purchase of securities   | —                                      | (9,422)           |
| Proceeds from sale of investments  | 2,761                                  | 1,424             |
| Change in restricted cash  | 1,598                                  | (28,287)          |
| <b>Net cash used in investing activities</b>                                   | <b>(138,214)</b>                       | <b>(278,099)</b>  |
| Dividends paid on common stock   | (16,502)                               | (15,468)          |
| Distributions to non-controlling interests                                     | (3,583)                                | (7,667)           |
| Principal repayments of term loan  | (5,447)                                | (7,982)           |
| Proceeds from new borrowings   | 8,571                                  | 60,000            |
| Purchases of common stock  | (11,139)                               | (3,997)           |
| Investments made by minority shareholders in consolidated affiliates           | 122                                    | 22,409            |
| Other  | (496)                                  | (650)             |
| <b>Net cash provided by (used in) financing activities</b>                     | <b>(28,474)</b>                        | <b>46,645</b>     |
| Effect of foreign currency exchange rates on cash and cash equivalents         | 200                                    | (263)             |
| <b>Net change in cash and cash equivalents</b>                                 | <b>(45,124)</b>                        | <b>(139,612)</b>  |
| Cash and cash equivalents, beginning of period                                 | 269,721                                | 392,045           |
| <b>Cash and cash equivalents, end of period</b>                                | <b>\$ 224,597</b>                      | <b>\$ 252,433</b> |

**ATN International, Inc.**  
**Selected Segment Financial Information**  
(In Thousands)

*For the three months ended September 30, 2017 is as follows:*

|  | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate and<br/>Other *</u> | <u>Total</u>      |
|--|-------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| <b>Statement of Operations Data:</b>               |                         |                                  |                             |                                  |                   |
| Revenue  |                         |                                  |                             |                                  |                   |
| Wireless   | \$ 36,830               | \$ 20,424                        | \$ —                        | \$ —                             | \$ 57,254         |
| Wireline   | 2,336                   | 53,973                           | —                           | —                                | 56,309            |
| Renewable Energy                                   | —                       | —                                | 4,974                       | —                                | 4,974             |
| Equipment and Other                                | 945                     | 2,614                            | 36                          | —                                | 3,595             |
| Total Revenue                                      | <u>\$ 40,111</u>        | <u>\$ 77,011</u>                 | <u>\$ 5,010</u>             | <u>\$ —</u>                      | <u>\$ 122,132</u> |
| Operating Income (Loss)                            | \$ 15,987               | \$ (28,491)                      | \$ 976                      | \$ (7,997)                       | \$ (19,525)       |
| Non-controlling interest ( net income or (loss) )  | \$ (1,268)              | \$ (2,243)                       | \$ (273)                    | \$ —                             | \$ (3,784)        |
| <b>Non GAAP measure:</b>                           |                         |                                  |                             |                                  |                   |
| Adjusted EBITDA                                    | \$ 21,695               | \$ 20,340                        | \$ 2,632                    | \$ (7,001)                       | \$ 37,666         |
| <b>Balance Sheet Data (at September 30, 2017):</b> |                         |                                  |                             |                                  |                   |
| Cash, cash equivalents and investments             | \$ 31,328               | \$ 112,169                       | \$ 19,147                   | \$ 70,643                        | \$ 233,287        |
| Total current assets                               | 61,473                  | 163,235                          | 25,301                      | 84,729                           | 334,738           |
| Fixed assets, net                                  | 100,349                 | 347,421                          | 158,554                     | 18,271                           | 624,595           |
| Total assets                                       | 221,528                 | 586,747                          | 201,024                     | 174,719                          | 1,184,018         |
| Total current liabilities                          | 53,065                  | 86,359                           | 18,561                      | 15,692                           | 173,677           |
| Total debt   | —                       | 95,465                           | 64,187                      | —                                | 159,652           |

**ATN International, Inc.**  
**Selected Segment Financial Information**  
(In Thousands)

*For the three months ended September 30, 2016 is as follows:*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate and<br/>Other *</u> | <u>Total</u>      |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| <b>Statement of Operations Data:</b>              |                         |                                  |                             |                                  |                   |
| Revenue   |                         |                                  |                             |                                  |                   |
| Wireless  | \$ 40,076               | \$ 21,075                        | \$ —                        | \$ —                             | \$ 61,151         |
| Wireline  | 6,936                   | 59,193                           | —                           | —                                | 66,129            |
| Renewable Energy                                  | —                       | —                                | 5,784                       | —                                | 5,784             |
| Equipment and Other                               | 548                     | 5,045                            | 138                         | —                                | 5,731             |
| Total Revenue                                     | <u>\$ 47,560</u>        | <u>\$ 85,313</u>                 | <u>\$ 5,922</u>             | <u>\$ —</u>                      | <u>\$ 138,795</u> |
| Operating Income (Loss)                           | \$ 18,120               | \$ 11,358                        | \$ 2,822                    | \$ (10,219)                      | \$ 22,081         |
| Non-controlling interest ( net income or (loss) ) | \$ (2,034)              | \$ (2,036)                       | \$ (453)                    | \$ —                             | \$ (4,523)        |
| <b>Non GAAP measure:</b>                          |                         |                                  |                             |                                  |                   |
| Adjusted EBITDA                                   | \$ 24,296               | \$ 24,732                        | \$ 4,073                    | \$ (6,658)                       | \$ 46,443         |

\* Corporate and Other refer to corporate overhead expenses and consolidating adjustments

**ATN International, Inc.**  
**Selected Segment Financial Information**  
(In Thousands)

*For the nine months ended September 30, 2017 is as follows:*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate and<br/>Other *</u> | <u>Total</u>      |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| <b>Statement of Operations Data:</b>              |                         |                                  |                             |                                  |                   |
| Revenue   |                         |                                  |                             |                                  |                   |
| Wireless  | \$ 108,499              | \$ 59,446                        | \$ —                        | \$ —                             | \$ 167,945        |
| Wireline  | 10,443                  | 171,125                          | —                           | —                                | 181,568           |
| Renewable Energy                                  | —                       | —                                | 14,765                      | —                                | 14,765            |
| Equipment and Other                               | 1,939                   | 7,101                            | 174                         | —                                | 9,214             |
| Total Revenue                                     | <u>\$ 120,881</u>       | <u>\$ 237,672</u>                | <u>\$ 14,939</u>            | <u>\$ —</u>                      | <u>\$ 373,492</u> |
| Operating Income (Loss)                           | \$ 44,520               | \$ (7,713)                       | \$ 3,263                    | \$ (25,952)                      | \$ 14,118         |
| Non-controlling interest ( net income or (loss) ) | \$ (5,441)              | \$ (7,256)                       | \$ (838)                    | \$ —                             | \$ (13,535)       |
| <b>Non GAAP measure:</b>                          |                         |                                  |                             |                                  |                   |
| Adjusted EBITDA                                   | \$ 64,131               | \$ 67,367                        | \$ 8,204                    | \$ (21,714)                      | \$ 117,988        |
| <b>Statement of Cash Flow Data:</b>               |                         |                                  |                             |                                  |                   |
| Capital expenditures                              | \$ 16,773               | \$ 54,775                        | \$ 31,327                   | \$ 4,779                         | \$ 107,654        |

**ATN International, Inc.**  
**Selected Segment Financial Information**  
(In Thousands)

*For the nine months ended September 30, 2016 is as follows:*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate and<br/>Other *</u> | <u>Total</u>      |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| <b>Statement of Operations Data:</b>              |                         |                                  |                             |                                  |                   |
| Revenue   |                         |                                  |                             |                                  |                   |
| Wireless  | \$ 117,194              | \$ 60,106                        | \$ —                        | \$ —                             | \$ 177,300        |
| Wireline  | 18,793                  | 103,397                          | —                           | —                                | 122,190           |
| Renewable Energy                                  | —                       | —                                | 16,935                      | —                                | 16,935            |
| Equipment and Other                               | 1,716                   | 10,071                           | 259                         | —                                | 12,046            |
| Total Revenue                                     | <u>\$ 137,703</u>       | <u>\$ 173,574</u>                | <u>\$ 17,194</u>            | <u>\$ —</u>                      | <u>\$ 328,471</u> |
| Operating Income (Loss)                           | \$ 39,698               | \$ 28,320                        | \$ (734)                    | \$ (27,398)                      | \$ 39,886         |
| Non-controlling interest ( net income or (loss) ) | \$ (4,888)              | \$ (3,911)                       | \$ (1,601)                  | \$ —                             | \$ (10,400)       |
| <b>Non GAAP measure:</b>                          |                         |                                  |                             |                                  |                   |
| Adjusted EBITDA                                   | \$ 68,179               | \$ 54,232                        | \$ 12,123                   | \$ (19,646)                      | \$ 114,888        |
| <b>Statement of Cash Flow Data:</b>               |                         |                                  |                             |                                  |                   |
| Capital expenditures                              | \$ 26,709               | \$ 36,543                        | \$ 10,326                   | \$ 4,877                         | \$ 78,455         |

\* Corporate and Other refer to corporate overhead expenses and consolidating adjustments

**ATN International, Inc.**  
**Selected Segment Financial Information**  
(In Thousands)

*At December 31, 2016 is as follows:*

|  | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate and<br/>Other *</u> | <u>Total</u> |
|--|-------------------------|----------------------------------|-----------------------------|----------------------------------|--------------|
| <b>Balance Sheet Data:</b>             |                         |                                  |                             |                                  |              |
| Cash, cash equivalents and investments | \$ 22,235               | \$ 97,681                        | \$ 27,378                   | \$ 131,664                       | \$ 278,958   |
| Total current assets                   | 50,983                  | 143,201                          | 37,440                      | 135,745                          | 367,369      |
| Fixed assets, net                      | 129,274                 | 372,741                          | 130,268                     | 15,429                           | 647,712      |
| Total assets                           | 240,006                 | 597,454                          | 190,253                     | 170,505                          | 1,198,218    |
| Total current liabilities              | 23,162                  | 95,502                           | 12,603                      | 18,838                           | 150,105      |
| Total debt                             | —                       | 91,316                           | 65,507                      | —                                | 156,823      |

\* Corporate and Other refer to corporate overhead expenses and consolidating adjustments

**ATN International, Inc.**  
**Selected Segment Operational Data**

|  | <u>Quarter ended</u>           |                             |                            |                                     |
|--|--------------------------------|-----------------------------|----------------------------|-------------------------------------|
|  | <u>December 31,<br/>2016 *</u> | <u>March 31,<br/>2017 *</u> | <u>June 30,<br/>2017 *</u> | <u>September 30,<br/>2017 *, **</u> |
| <b>U.S. Telecom Operational Data:</b>          |                                |                             |                            |                                     |
| Wireless - Total Domestic Base Stations        | 1,006                          | 1,019                       | 1,041                      | 1,061                               |
| <b>International Telecom Operational Data:</b> |                                |                             |                            |                                     |
| Wireline - Voice / Access lines                | 179,700                        | 176,900                     | 174,600                    | 172,300                             |
| Wireline - Data Subscribers                    | 97,400                         | 99,900                      | 101,700                    | 102,400                             |
| Wireline - Video Subscribers                   | 48,600                         | 47,900                      | 47,200                     | 46,700                              |
| Wireless - Subscribers                         | 304,700                        | 302,900                     | 302,900                    | 302,000                             |

\* Adjusted subscriber counts for the sales of St Maarten and British Virgin Islands, and the transfer of ownership of Aruba business

\*\* The subscriber counts for the U.S. Virgin Islands were as of August 31, 2017 and before the impact of Hurricane Irma and Maria.



**ATN International, Inc.**  
**Reconciliation of Non-GAAP Measures**  
**(In Thousands)**

**Reconciliation of Net Income to Adjusted EBITDA for the Three Months Ended September 30, 2017 and 2016**

*Three Months Ended September 30, 2017*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate<br/>and Other *</u> | <u>Total</u>     |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|------------------|
| Net Income attributable to ATN International, Inc. stockholders         |                         |                                  |                             |                                  | \$ (24,760)      |
| Net Income (Loss) attributable to non-controlling interests, net of tax |                         |                                  |                             |                                  | 3,784            |
| Income tax benefit  |                         |                                  |                             |                                  | (884)            |
| Other expense, net  |                         |                                  |                             |                                  | 690              |
| Interest expense, net   |                         |                                  |                             |                                  | 1,645            |
| Operating income  | \$ 15,987               | \$ (28,491)                      | \$ 976                      | \$ (7,997)                       | \$ (19,525)      |
| Depreciation and amortization   | 6,301                   | 12,088                           | 1,656                       | 1,112                            | 21,157           |
| (Gain) loss on sale of assets   | (593)                   | —                                | —                           | —                                | (593)            |
| Loss on damaged assets and other hurricane related charges              | —                       | 36,566                           | —                           | —                                | 36,566           |
| Transaction-related charges   | —                       | 177                              | —                           | (116)                            | 61               |
| Adjusted EBITDA   | <u>\$ 21,695</u>        | <u>\$ 20,340</u>                 | <u>\$ 2,632</u>             | <u>\$ (7,001)</u>                | <u>\$ 37,666</u> |

*Three Months Ended September 30, 2016*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate<br/>and Other *</u> | <u>Total</u>     |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|------------------|
| Net Income (Loss) attributable to ATN International, Inc. stockholders  |                         |                                  |                             |                                  | \$ 7,171         |
| Net Income (Loss) attributable to non-controlling interests, net of tax |                         |                                  |                             |                                  | 4,523            |
| Income tax expense  |                         |                                  |                             |                                  | 9,602            |
| Other income, net   |                         |                                  |                             |                                  | (766)            |
| Interest expense, net   |                         |                                  |                             |                                  | 1,551            |
| Operating income  | \$ 18,120               | \$ 11,358                        | \$ 2,822                    | \$ (10,219)                      | \$ 22,081        |
| Depreciation and amortization   | 6,176                   | 12,896                           | 1,227                       | 1,567                            | 21,866           |
| Impairment of long-lived asset  | —                       | 349                              | —                           | —                                | 349              |
| (Gain) loss on sale of assets   | —                       | 56                               | —                           | —                                | 56               |
| Transaction-related charges   | —                       | 73                               | 24                          | 1,994                            | 2,091            |
| Adjusted EBITDA   | <u>\$ 24,296</u>        | <u>\$ 24,732</u>                 | <u>\$ 4,073</u>             | <u>\$ (6,658)</u>                | <u>\$ 46,443</u> |

\* Corporate and Other refer to corporate overhead expenses and consolidating adjustments

**Reconciliation of Net Income to Adjusted EBITDA for the Nine Months Ended September 30, 2017 and 2016**

*Nine Months Ended September 30, 2017*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate<br/>and Other *</u> | <u>Total</u>      |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| Net Income attributable to ATN International, Inc. stockholders         |                         |                                  |                             |                                  | \$ (12,016)       |
| Net Income (Loss) attributable to non-controlling interests, net of tax |                         |                                  |                             |                                  | 13,535            |
| Income tax expense  |                         |                                  |                             |                                  | 4,839             |
| Loss on deconsolidation of subsidiary                                   |                         |                                  |                             |                                  | 529               |
| Other expense, net  |                         |                                  |                             |                                  | 1,751             |
| Interest expense, net   |                         |                                  |                             |                                  | 5,480             |
| Operating income  | \$ 44,520               | \$ (7,713)                       | \$ 3,263                    | \$ (25,952)                      | \$ 14,118         |
| Depreciation and amortization   | 19,098                  | 38,337                           | 4,941                       | 3,528                            | 65,904            |
| (Gain) loss on sale of assets   | 513                     | —                                | —                           | —                                | 513               |
| Loss on damaged assets and other hurricane related charges              | —                       | 36,566                           | —                           | —                                | 36,566            |
| Transaction-related charges   | —                       | 177                              | —                           | 710                              | 887               |
| Adjusted EBITDA   | <u>\$ 64,131</u>        | <u>\$ 67,367</u>                 | <u>\$ 8,204</u>             | <u>\$ (21,714)</u>               | <u>\$ 117,988</u> |

*Nine Months Ended September 30, 2016*

|   | <u>U.S.<br/>Telecom</u> | <u>International<br/>Telecom</u> | <u>Renewable<br/>Energy</u> | <u>Corporate<br/>and Other *</u> | <u>Total</u>      |
|---|-------------------------|----------------------------------|-----------------------------|----------------------------------|-------------------|
| Net Income (Loss) attributable to ATN International, Inc. stockholders  |                         |                                  |                             |                                  | \$ 10,206         |
| Net Income (Loss) attributable to non-controlling interests, net of tax |                         |                                  |                             |                                  | 10,400            |
| Income tax expense  |                         |                                  |                             |                                  | 17,178            |
| Other income, net   |                         |                                  |                             |                                  | (643)             |
| Interest expense, net   |                         |                                  |                             |                                  | 2,745             |
| Operating income  | \$ 39,698               | \$ 28,320                        | \$ (734)                    | \$ (27,398)                      | \$ 39,886         |
| Depreciation and amortization   | 17,405                  | 27,482                           | 3,642                       | 4,384                            | 52,913            |
| Impairment of long-lived asset  | 11,076                  | 349                              | —                           | —                                | 11,425            |
| Bargain purchase gain   | —                       | (7,304)                          | —                           | —                                | (7,304)           |
| (Gain) loss on sale of assets   | —                       | 27                               | —                           | —                                | 27                |
| Restructuring charges   | —                       | 1,785                            | —                           | —                                | 1,785             |
| Transaction-related charges   | —                       | 3,573                            | 9,215                       | 3,368                            | 16,156            |
| Adjusted EBITDA   | <u>\$ 68,179</u>        | <u>\$ 54,232</u>                 | <u>\$ 12,123</u>            | <u>\$ (19,646)</u>               | <u>\$ 114,888</u> |

\* Corporate and Other refer to corporate overhead expenses and consolidating adjustments

**ATN International, Inc.**  
**(In Thousands)**  
**Reconciliation of GAAP measures to Non-GAAP measures**

**Reconciliation of Operating Income (Loss) to Operating Income excluding hurricane charges, Net Income (Loss) to Net Income (Loss) excluding hurricane charges and Net Income (Loss) per share to Net Income per share excluding hurricane charges**

*For the three months ended September 30, 2017 is as follows:*

|  | <b>Operating Income (Loss)</b> | <b>Net Income (Loss)</b> | <b>Net Income (Loss) per share</b> |
|--|--------------------------------|--------------------------|------------------------------------|
| GAAP - As reported   | \$ (19,525)                    | \$ (24,760)              | \$ (1.53)                          |
| Add back: Loss on damaged assets and other charges from hurricanes | 36,566                         | 36,566                   | 2.26                               |
| Tax effect   | —                              | 69                       | 0.00                               |
| <b>Non-GAAP</b>  | <b>\$ 17,041</b>               | <b>\$ 11,875</b>         | <b>\$ 0.73</b>                     |

*For the nine months ended September 30, 2017 is as follows:*

|  | <b>Operating Income (Loss)</b> | <b>Net Income (Loss)</b> | <b>Net Income (Loss) per share</b> |
|--|--------------------------------|--------------------------|------------------------------------|
| GAAP - As reported   | \$ 14,118                      | \$ (12,016)              | \$ (0.74)                          |
| Add back: Loss on damaged assets and other charges from hurricanes | 36,566                         | 36,566                   | 2.26                               |
| Tax effect   | —                              | 69                       | 0.00                               |
| <b>Non-GAAP</b>  | <b>\$ 50,684</b>               | <b>\$ 24,619</b>         | <b>\$ 1.52</b>                     |