

# ICTC GROUP, INC.

For Immediate Release

## ICTC Group, Inc. Reports Third Quarter 2016 Results

Nome, ND – October 25, 2016 – ICTC Group, Inc. (“ICTC”; OTC Pink ®: ICTG) today reported results for the quarter ending September 30, 2016.

Operating revenues were \$1,019,000 compared to \$904,000 in the third quarter of 2015. Regulated revenues were \$770,000 compared with \$693,000 last year. Non-regulated revenues increased to \$248,000 from \$211,000 in 2015, attributable to an increase in DSL subscribers.

EBITDA from the company’s operations increased to \$469,000 from \$320,000 in the prior year period. EBITDA growth can be attributed to an increase in revenues as well as a decrease in cost of revenue and corporate operations expense.

Investment income in the third quarter was \$141,000 on a pre-tax basis, compared to \$539,000 in 2015. The 2015 period was positively impacted by one-time distributions from our cellular partnerships of \$380,000.

Net income in the third quarter of 2016 was \$183,000 compared to \$421,000 in 2015. Earnings per share were \$0.48 during the third quarter versus \$1.10 in 2015, also reflecting the one-time distributions in the prior year.

Capital Expenditures – Total capital expenditures were \$646,000 in the first nine months of 2016 compared to \$818,000 for the first nine months of 2015. Our capital expenditures represent continued investment in our network infrastructure, primarily focused on expanding our fiber optic and other broadband facilities. By extending fiber optic cable further throughout our network and installing upgraded electronics, we are rapidly improving the speed and reliability of our broadband network.

Federal Regulation – Pursuant to an Order which the FCC issued on March 30, 2016, it is now expected to finalize the A-CAM program by December 31, 2016. A-CAM is designed to make a number of significant revisions to the current Universal Service Fund (“USF”) financial support mechanisms. It is anticipated that these revisions will become effective for the 10-year period beginning January 1, 2017. These revised support mechanisms will require rate-of-return RLECs such as Inter-Community Telephone Company to either adopt A-CAM funding or continue with a cost-based method. Due to

the uncertainty created by the current state of the regulatory process, the Company is unable at this time to determine the impact either choice will have on the Company's future revenues. Notwithstanding, we believe that government policy will continue to encourage and support communication services in rural areas.

**Balance Sheet** – As of September 30, 2016, ICTC had approximately \$3,551,000 in cash and marketable securities, and \$2,725,000 in total debt. The strength of our balance sheet will allow the Company to pursue investments and acquisitions that align with our goal of allocating capital to surface shareholder value.

**Additional Repurchase Authorization** – The Board of Directors had previously authorized a share repurchase program totaling 60,000 shares of the Company's stock. Through September 30, 2016, the Company has repurchased a total of 24,037 shares under this program at an average price of \$20.03. On October 21, 2016, the Board increased the remaining repurchase authorization to 50,000 shares. The Company will continue to repurchase stock in the open market on an opportunistic basis.

**Business Initiatives for 2016** – ICTC actively seeks to expand its broadband capacities and further enhance the communication services offered to our valued customers. The Company is currently planning the extension of its fiber optic facilities and the associated electronics to support enhanced communications services both within and outside its franchised telephone service territory, in growing North Dakota markets nearby.

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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, 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 ICTC on its website, [www.ictcgroup.net](http://www.ictcgroup.net). As a result, there can be no assurance that any possible transactions will be accomplished or be successful or that financial targets will be met, and such information is subject to uncertainties, risks and inaccuracies that could be material.

ICTC is a holding company with subsidiaries in voice, broadband and other telecommunications services that may seek acquisitions, principally in its existing business areas.

ICTC is listed on OTC Pink<sup>®</sup> under the symbol ICTG. Its website address is <http://www.ictcgroup.net>.

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**ICTC Group Inc.**  
**Condensed Consolidated Income**  
**Statement**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenues	\$1,018,750	\$904,373	\$3,060,901	\$2,978,688
Costs and expenses:				
Cost of revenue, excluding depreciation	403,722	429,190	1,230,885	1,373,026
General and administrative costs at operations	145,528	154,735	550,765	521,111
Corporate office expense	87,112	119,428	287,654	287,973
Depreciation	235,353	227,566	695,222	658,963
Total Expenses	871,716	930,920	2,764,526	2,841,074
Operating Profit	147,034	(26,547)	296,375	137,613
Other income(expense):				
Dividend income	56,552	450,397	278,457	593,950
Other Income (Loss)	520	1,300	520	(86)
Interest expense	(23,081)	(22,479)	(68,571)	(89,923)
Equity in earnings of investee	89,977	89,506	281,924	277,964
Total Other Income	123,968	518,725	492,330	781,904
Income before income taxes	271,003	492,178	788,704	919,517
Income tax provision	(87,690)	(70,905)	(227,789)	(195,980)
Net Income	\$183,313	\$421,273	\$560,915	\$723,537
Average Shares Outstanding	383,126	383,447	383,210	383,946
Earnings Per Share	\$0.48	\$1.10	\$1.47	\$1.88
Actual Shares Outstanding	382,639	382,929	382,639	382,929

**ICTC Group, Inc.**  
**Condensed Consolidated Balance Sheet**

**Attachment B**

	<b>Sept 30,</b>	<b>December 31,</b>
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$3,168,800	\$3,016,485
Accounts receivable	433,345	551,052
Materials and supplies	255,800	296,564
Deferred income taxes	81,237	92,733
Prepayments	209,224	143,061
Total Current Assets	<u>4,148,406</u>	<u>4,099,895</u>
Telecommunications Plant & Equipment		
Cost	23,611,515	23,011,653
Accumulated depreciation	16,877,829	16,228,574
	<u>6,733,686</u>	<u>6,783,079</u>
Other Assets:		
Investments	2,041,884	1,854,462
Other investments	632,246	344,946
Goodwill	1,772,179	1,772,179
	<u>4,446,309</u>	<u>3,971,587</u>
<b>Total Assets</b>	<b><u>\$15,328,402</u></b>	<b><u>\$14,854,561</u></b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current Liabilities		
Accounts payable	\$87,895	\$84,325
Accrued Income Taxes	90,310	126,736
Other current liabilities	333,047	331,699
Current maturities of long-term debt	26,800	26,400
Total current liabilities	<u>538,051</u>	<u>569,130</u>
Long-Term Debt	<u>2,697,766</u>	<u>2,717,911</u>
Other Liabilities		
Construction deposits	32,080	32,080
Deferred income taxes	2,463,055	2,494,025
Total other liabilities	<u>2,495,135</u>	<u>2,526,104</u>
	<u>5,730,952</u>	<u>5,813,146</u>
Stockholders' Equity:		
Preferred stock	--	--
Common stock	40	40
Treasury Stock at cost	(482,665)	(423,562)
Additional paid in capital	1,805,992	1,759,992
Comprehensive Income/(Loss)	8,218	(5)
Retained earnings	8,265,865	7,704,949
<b>Total stockholders' equity</b>	<b><u>9,597,450</u></b>	<b><u>9,041,415</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$15,238,402</u></b>	<b><u>\$14,854,561</u></b>

## 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 investments, impairment charges and net income from discontinued operations.

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>EBITDA</b>				
Operations	\$469,500	\$320,448	\$1,279,250	\$1,084,550
Corporate Office Expense	(87,112)	(119,428)	(287,654)	(287,973)
Total EBITDA	382,387	201,020	991,596	796,577
Depreciation and amortization	(235,353)	(227,566)	(695,222)	(658,963)
Operating profit	\$147,034	(\$26,547)	\$296,375	\$137,613