



FOR IMMEDIATE RELEASE

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NORTHSTATE REPORTS THIRD QUARTER 2018 RESULTS

High Point, NC — November 19, 2018 — [NorthState](#), a fiber optic network, cloud and IT services provider, announced today its financial results for the third quarter ended September 30, 2018.

Summary of Selected Financial Data

Quarter Ended September 30, 2018 versus Quarter Ended September 30, 2017

- Consolidated net operating revenue (NOR) for the 2018 quarter totaled \$33.8 million, up 13.8% compared to NOR of \$29.7 million for the 2017 quarter.
- Total strategic revenue¹ for the 2018 quarter of \$25.3 million, up 18.8% compared to total strategic revenue of \$21.3 million for the 2017 quarter. Strategic revenue comprised 75% of NOR for the 2018 quarter, compared to 72% of NOR for the 2017 quarter.
- Net income for the 2018 quarter totaled \$1.7 million, up 75.5% compared to net income of \$1.0 million for the 2017 quarter.²
- Earnings per share (EPS) for the 2018 quarter of \$0.77 compared to EPS of \$0.44 for the 2017 quarter.²

Nine Months Ended September 30, 2018 versus Nine Months Ended September 30, 2017

- Consolidated NOR for the 2018 period totaled \$93.5 million, up 7.3% compared to NOR of \$87.1 million for the 2017 period.
- Total strategic revenue¹ for the 2018 period of \$68.6 million, up 10.8% compared to total strategic revenue of \$61.9 million for the 2017 period. Strategic revenue comprised 73% of NOR for the 2018 period, compared to 71% of NOR for the 2017 period.
- Net income for the 2018 period totaled \$4.3 million, up 26.8% compared to net income of \$3.4 million for the 2017 period.²
- EPS for the 2018 period of \$1.89 compared to EPS of \$1.49 for the 2017 period.²

¹ Strategic Revenue is all revenue excluding legacy voice revenue. Legacy voice revenue is comprised of non-IP voice, long distance, and network access revenue. Please see the financial tables included in the press release on the company's website.

² In 2017, for the three and nine months ended September 30, 2017, Net Income and EPS were impacted by \$0.7 million and \$1.9 million of restructuring charges, respectively, related to the formation of our information technology services business unit.

Chief Executive Officer Royster Tucker III commented, “We continue to make progress in bringing new services and opportunities to a wide range of residential and business customers. We are pleased with our financial results for the period.

“During the third quarter, residential fiber revenues grew 13%, driven by a 17% year-over-year increase in fiber connected households. We continue to focus on expanding our business wireline fiber footprint. Business wireline Internet and entertainment revenues also grew in the third quarter by 2.1% and wireline managed services revenue grew by 17.6%. We are increasing penetration within our existing fiber footprint and are also taking steps to expand further in the Piedmont Triad Region of North Carolina.

“Revenue from IT Services & Hardware grew during the third quarter by \$3.6 million compared to the 2017 quarter, accounting for 40% of our third quarter revenue in 2018. Professional services and equipment sales contributed significantly to this increase.

“In total, business revenue grew to 68% of NOR for the quarter, continuing the upward trend we have seen throughout the year. The interest being shown in the products and solutions we recently launched to help businesses digitally transform themselves validates our plan to transition NorthState’s focus from legacy to strategic IT solutions.”

For further details on NorthState’s financial results for the three and nine months ended September 30, 2018, please see the financial tables included in the press release on the company’s website at: [3Q 2018 Earnings Report](#).

Forward-Looking Statements

Some of the statements made in this earnings release may be forward-looking statements including “we continue to focus on expanding our business wireline fiber footprint” and “we are increasing penetration within our existing fiber footprint and are also taking steps to expand further in the Piedmont Triad Region of North Carolina.” The inclusion of forward-looking information should not be construed as a representation by NorthState that our plans or expectations will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About NorthState

[NorthState](#) is a technology company focused on inspiring the Internet-driven lifestyle through high-touch experiences. Its fiber-delivered, ultrafast Internet and Internet-driven applications enable residential customers and businesses to efficiently and securely take advantage of the Internet. Through its Technology Solutions business unit, NorthState provides data center colocation, customized cloud and IT solutions, managed disaster recovery services, managed security and unified communications. For more information, visit [northstate.net](#).

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