

2018 FIRST QUARTER EARNINGS CONFERENCE CALL



Reconciliation of Non-GAAP Financial Measures

May 9, 2018

Use of Non-GAAP Financial Measures

Cable One, Inc. (the “Company”) uses certain measures that are not defined by generally accepted accounting principles in the United States (“GAAP”) to evaluate various aspects of its business. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and should be considered in addition to, not as superior to, or as a substitute for, net income or net profit margin reported in accordance with GAAP. Adjusted EBITDA is reconciled to net income and Adjusted EBITDA margin is reconciled to net profit margin, below.

“Adjusted EBITDA” is defined as net income plus interest expense, income tax provision (benefit), depreciation and amortization, equity-based compensation, severance expense, (gain) loss on deferred compensation, acquisition-related costs, (gain) loss on disposal of assets, other (income) expense and other unusual operating expenses, as provided below. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of the Company’s business as well as other non-cash or special items and is unaffected by the Company’s capital structure or investment activities. This measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and the Company’s cash cost of debt financing. These costs are evaluated through other financial measures.

“Adjusted EBITDA margin” is defined as Adjusted EBITDA divided by total revenues.

The Company uses Adjusted EBITDA and Adjusted EBITDA margin to assess its performance. In addition, Adjusted EBITDA generally correlates to the measure used in the leverage ratio calculation under the Company’s credit facilities and outstanding 5.75% senior unsecured notes due 2022 to determine compliance with the covenants contained in the facilities and ability to take certain actions under the indenture governing the notes. Adjusted EBITDA is also a significant performance measure used by the Company in its annual incentive compensation program. Adjusted EBITDA does not take into account cash used for mandatory debt service requirements or other non-discretionary expenditures, and thus does not represent residual funds available for discretionary uses.

The Company believes Adjusted EBITDA and Adjusted EBITDA margin are useful to investors in evaluating the operating performance of the Company. Adjusted EBITDA, Adjusted EBITDA margin and similar measures with similar titles are common measures used by investors, analysts and peers to compare performance in the Company’s industry, although the Company’s measures of Adjusted EBITDA and Adjusted EBITDA margin may not be directly comparable to similarly titled measures reported by other companies.

Legacy CABO Reconciliations of Net Income to Adjusted EBITDA and Net Profit Margin to Adjusted EBITDA Margin

<i>(dollars in millions)</i>	Twelve Months Ended December 31,		\$ Change	% Change
	2017	2012		
Revenues	\$ 833	\$ 805	\$ 28	3.4%
Net income	\$ 226	\$ 95	\$ 131	138.2%
<i>Net profit margin</i>	27.2%	11.8%		15.4%
Plus:				
Interest expense	47	-	47	NM
Income tax provision (benefit)	(49)	57	(106)	(185.9)%
Depreciation and amortization	149	129	20	15.5%
Equity-based compensation	11	4	7	168.6%
Severance expense	5	-	5	NM
(Gain) loss on deferred compensation	3	2	1	37.7%
Acquisition-related costs	6	-	6	NM
(Gain) loss on disposal of assets, net	(2)	4	(6)	(156.2)%
Other (income) expense, net	(1)	-	(1)	NM
Adjusted EBITDA	\$ 396	\$ 291	\$ 104	35.8%
<i>Adjusted EBITDA margin</i>	47.5%	36.2%		11.3%

NM = Not meaningful.

NewWave Reconciliations of Net Income to Adjusted EBITDA and Net Profit Margin to Adjusted EBITDA Margin

<i>(dollars in millions)</i>	<u>NED Q1 '18</u>	<u>NED Q4 '16</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues	\$ 49	\$ 47	\$ 2	3.6%
Net income	\$ 3	\$ (3)	\$ 6	(189.5)%
<i>Net profit margin</i>	5.9%	(6.8)%		12.6%
Plus:				
Interest expense	(0)	5	(5)	(100.1)%
Income tax provision (benefit)	1	(0)	1	NM
Depreciation and amortization	12	12	0	3.3%
(Gain) loss on disposal of assets, net	2	2	(0)	(6.5)%
Billing system conversion costs	1	-	1	NM
Adjusted EBITDA	\$ 19	\$ 16	\$ 3	17.5%
<i>Adjusted EBITDA margin</i>	38.5%	34.0%		4.6%

NM = Not meaningful.

CABLE **ONE**®

The logo for Cable One features the word "CABLE" in a blue, sans-serif font. Below it is a stylized graphic element consisting of a red shape on top and a blue shape on the bottom, both tapering to the right. To the right of this graphic is the word "ONE" in a bold, italicized, red sans-serif font, followed by a registered trademark symbol (®).