1st Quarter 2019 Earnings Results

May 2019

Participants

Anand Vadapalli: President and Chief Executive Officer

Laurie Butcher: Senior Vice President of Finance

Leonard Steinberg: General Counsel

Tiffany Smith: Manager, Investor and Board Relations

Safe Harbor Statement

Forward-Looking Statements

We have included in this presentation certain "forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's beliefs as well as on a number of assumptions concerning future events made using information currently available to management. Such statements include all statements regarding our review of our current long-term business plan against a broad range of alternatives that have the potential to enhance shareholder value, the timing of such review, the possible outcomes of such review, our exploration of strategic options to address scale and geographic diversification, our current and projected financial and operating performance and all guidance related thereto, and any plans and initiatives to enhance shareholder value. You are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of risks, uncertainties and other factors, many of which are outside Alaska Communications' control.

For further information regarding risks and uncertainties associated with Alaska Communications' business, please refer to the Alaska Communications' SEC filings, including, but not limited to, our annual report on Form 10-K and amendments filed thereto, quarterly reports on Form 10-Q filed subsequently, and other filings with the SEC, included under headings such as "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Non-GAAP Measures

In an effort to provide investors with additional information regarding our financial results, in particular with regards to our liquidity and capital resources, we have disclosed certain non-GAAP financial information such as Adjusted EBITDA, Adjusted Free Cash Flow and Net Debt, which management utilizes to assess performance and believes provides useful information to investors. The definition and computation of these non-GAAP measures are on Schedules 4, 6, and 9 of our earnings press release. Adjusted EBITDA, and Adjusted Free Cash Flow are non-GAAP measures and should not be considered a substitute for Net Income, Net Cash Provided (Used) By Operating Activities and other measures of financial performance recorded in accordance with GAAP. Reconciliations of our non-GAAP measures to our nearest GAAP measures can be found at the end of this presentation. Other companies may not calculate non-GAAP measures in the same manner as Alaska Communications. We do not provide guidance for Net Income and Net Cash Provided (Used) By Operating Activities.

2019 Outlook

Anand Vadapalli: President and Chief Executive Officer

Network and Customer Service Delivers Growth

Enterprise and Carrier

- 5G Wireless Backhaul project
  - Projecting ~100 small cell towers, each with 10 year contracts, turned up by YE 2019
  - New fiber network provides accretive business and consumer opportunities
- Oil and Gas
  - Providing disaster recovery/business continuity capabilities
  - Adding capacity to the North Slope
- Education
  - Continuing to win and renew major customer contracts
- Carrier and Federal
  - Implementing pre-funded fiber build for government customer

Mass Market

- CAF II
  - Continuing to use Fixed Wireless to meet build obligations
  - Doubling MDUs passed in 2019, currently have ~3,200 units with 32% take rate

Review of First Quarter 2019 Results

Laurie Butcher, SVP Finance

Q1 2019 Financial Performance

TOTAL REVENUE GROWTH

($ in M)	Q1 2019	Q1 2018	YoY % Increase/ Decrease
Business and Wholesale	$36.5	$33.8	8.1%
Consumer	$9.2	$9.4	(1.8%)
Regulatory	$11.2	$12.8	(12.7%)
Total Revenue	$56.9	$56.0	1.7%

- Business and wholesale growth led by strong performance in business and wholesale broadband and managed IT services
- Regulatory revenue decline consistent with expectations

Performance Summary and Guidance

($ in M)	YTD Q1 2019 Results	2019 Guidance
Total Revenue	$56.9	$230 - $235
Adjusted EBITDA[1]	$15.2	$60 - $62
Net Capital Spending	$8.6	$40 - $42
Adjusted Free Cash Flow [1,2]	$3.0	$10 - $12
($ in M)	**3/31/19**	**12/31/18**
Total Debt	$177.8	$170.3
Net Debt[3]	$159.9	$161.2
Total Cash[4]	$24.5	$15.0

- Key performance metrics in line with business plan
- Balance sheet reflects new debt structure, with additional capacity for specific capital projects
- Guidance for 2019 is re-affirmed

1 Reconciliations of non-GAAP measures to the nearest GAAP measures can be found in the Appendix. The company does not provide guidance for Net Income and Net Cash Provided By Operating Activities.

2 Quarterly Adjusted Free Cash Flow fluctuates and should not be viewed as an indicator of annual performance. Events including seasonality of capital spend and the timing of interest payments, may result in negative Adjusted Free Cash Flow in one or more quarters.

3 Net Debt includes the addition of debt discounts and debt issuance costs to total debt, and subtracts only cash and cash equivalents.

4 Total cash includes cash and cash equivalents as well as restricted cash.

ALSK Shareholder Value Creation

Business Performance

✓Growth revenues continue to outpace legacy declines

✓Balance sheet strength creates runway and capacity

Corporate Actions

✓Evaluating strategic alternatives top priority for Board

✓Aligning leadership to business needs

Use of Non-GAAP Measures

The Company provides certain non-GAAP financial information, including Adjusted EBITDA, Adjusted Free Cash Flow and Net Debt. Adjusted EBITDA eliminates the effects of period to period changes in costs that are not directly attributable to the underlying performance of the Company's business operations and is used by Management and the Company's Board of Directors to evaluate current operating financial performance, analyze and evaluate strategic and operational decisions and better evaluate comparability between periods. Adjusted Free Cash Flow is used to assess the Company's ability to generate cash and plan for future operating and capital actions. Adjusted EBITDA and Adjusted Free Cash Flow are common measures utilized by our peers (other telecommunications companies) and we believe they provide useful information to investors and analysts about the Company's operating results, financial condition and cash flows. Net Debt provides Management and the Board of Directors with a measure of the Company's current leverage position.

Adjusted EBITDA is defined as net income (loss) before interest expense and income, loss on extinguishment of debt, depreciation and amortization, other income and expense, gain or loss on asset purchases or disposals, provision for income taxes, stock-based compensation, and net loss attributable to noncontrolling interest.

Adjusted Free Cash Flow is a non-GAAP liquidity measure and is defined as Adjusted EBITDA, less recurring operating cash requirements which include capital expenditures, less cash income taxes refunded or paid, cash interest paid, amortization of GCI capacity revenue and cash receipts and payments, deferred costs and amortized revenue and expense associated with certain prefunded special projects as defined in the 2019 Senior Credit Facility. Amortization of deferred revenue associated with our interconnection agreement with GCI is excluded from Adjusted Free Cash Flow because no cash was received by the Company in connection with this agreement. Amortization of all other deferred revenue, including that associated with other IRU capacity arrangements, is included in Adjusted Free Cash Flow because cash was received by the Company, typically at contract inception, and is being recognized as revenue over the term of the relevant agreement. Items associated with certain prefunded special projects as defined in the 2019 Senior Credit Facility are excluded from Adjusted Free Cash Flow primarily due to the magnitude and timing of the cash receipts relative to the subsequent recognition of revenue and expense.

The Company does not provide reconciliations of guidance for Adjusted EBITDA to Net Income, and Adjusted Free Cash Flow to Net Cash Provided by Operating Activities, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company does not forecast certain items required to develop the comparable GAAP financial measures. These items are charges and benefits for uncollectible accounts, certain other non-cash expenses, unusual items typically excluded from Adjusted EBITDA and Free Cash Flow, and changes in operating assets and liabilities (generally the most significant of these items, representing cash inflows of $4.0 million in the three-month period of 2019).

Adjusted EBITDA and Adjusted Free Cash Flow are not GAAP measures and should not be considered a substitute for net income, net cash provided by operating activities, or net cash provided or used. Adjusted EBITDA as computed below is not consistent with the definition of Consolidated EBITDA referenced in our 2017 Senior Credit Facility, and other companies may not calculate Non-GAAP measures in the same manner we do.

The following tables provide the computation of Adjusted EBITDA and reconciliation to Net Income, and the computation of Adjusted Free Cash Flow and reconciliation to Net Cash Provided by Operating Activities for the three months ended March 31, 2019 and 2018.

Reconciliation of Non-GAAP Measures
Adjusted EBITDA

	Three Months Ended March 31,	
	2019	2018
Net income	$ 193	$ 2,069
Add (subtract):		
Interest expense	3,056	3,504
Loss on extinguishment of debt	2,799	-
Interest income	(75)	(14)
Depreciation and amortization	8,679	8,787
Other income, net	(122)	(104)
Gain on the disposal of assets, net	(2)	(3)
Income tax expense (benefit)	98	(112)
Stock-based compensation	498	242
Net loss attributable to noncontrolling interest	34	32
Adjusted EBITDA	$ 15,158	$ 14,401

Reconciliation of Non-GAAP Measures
Cash from Operating Activities to Adjusted Free Cash Flow

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net cash provided by operating activities	$ 15,475	$ 13,421
Adjustments to reconcile net cash provided by operating activities to adjusted free cash flow:		
Capital expenditures	(8,563)	(8,680)
Amortization of deferred capacity revenue	1,126	947
Amortization of GCI capacity revenue	(511)	(511)
Amortization of debt issuance costs and debt discount	(303)	(356)
Interest expense	3,056	3,504
Interest paid	(3,075)	(3,441)
Interest income	(75)	(14)
Income taxes paid, net	(10)	-
Charge for uncollectible accounts	697	(537)
Amortization of ROU asset	(565)	-
Other income, net	(122)	(104)
Net loss attributable to noncontrolling interest	34	32
Other non-cash expense, net	(121)	(90)
Changes in operating assets and liabilities	(4,044)	(2,402)
Adjusted free cash flow	$ 2,999	$ 1,769

Reconciliation of Non-GAAP Measures
Adjusted Free Cash Flow

	Three Months Ended March 31,	
	2019	2018
Adjusted EBITDA	$ 15,158	$ 14,401
Less:		
Capital expenditures	(8,563)	(8,680)
Amortization of GCI capacity revenue	(511)	(511)
Income taxes paid, net	(10)	-
Interest paid	(3,075)	(3,441)
Adjusted free cash flow*	$ 2,999	$ 1,769

* Quarterly Adjusted Free Cash Flow fluctuates and should not be viewed as an indicator of annual performance. Onetime events, seasonality of capital spend and the timing of interest payments may result in negative Adjusted Free Cash Flow in one or more quarters.