



Thursday, October 23, 2003

### Aliant announces Third Quarter Results

- Earnings per share up 18.2% on strong Wireless and Internet Revenue Growth
- Free Cash Flow from operations<sup>1</sup> per share grows 74.0% to \$0.87

**Atlantic Canada** - October 23, 2003 -- Aliant Inc. (TSX: AIT) today announced its third quarter results, including earnings per share (EPS) from continuing operations of \$0.39, an increase of 18.2% over the same period last year.

“We are very pleased with the results for the quarter. Despite an intensely competitive market, we are successfully growing revenues in the wireless and Internet segments, and providing dependable and high quality service to our customers. We are carefully managing our expenses, maintaining a very strong balance sheet, and producing strong free cash flow from operations. While doing this, we remain alert to opportunities to further increase shareholder value and continue to explore opportunities for growth,” said Jay Forbes, Aliant’s President and CEO.

Aliant reported consolidated revenues of \$646.5 million during the third quarter of 2003, up 1.4% from the same quarter in 2002. Revenues were driven by solid performance in both the wireless and Internet segments, with growth rates of 18.2% and 16.1% respectively, as well as strong organic growth in Stratos Global. For the nine months ended September 30, 2003, Aliant reported revenues of \$1.955 billion, up 2.0% over the same period in 2002.

EBITDA<sup>2</sup> (earnings before interest, taxes, depreciation and amortization) in the quarter was \$229.2, up 1.8% from the third quarter of last year. The improvement reflects Aliant’s sustained focus on managing costs in line with revenue growth. EBITDA for the nine months ended September 30, 2003 was \$697.3 million, a decrease of 0.4% relative to the same period in 2002.

For the nine months ended September 30, 2003, earnings per share from continuing operations were \$1.16, a decline of 18.3% from 2002. However, after adjustments for non-recurring items in both 2002 and 2003, including dilution and foreign exchange gains, recognition of tax losses and other non-recurring charges, the year-to-date increase in EPS would have been 6%.

After capital investments of \$96.9 million in the quarter, Aliant generated free cash flow from operations of \$120.7 million, bringing the year-to-date total to over \$380 million (\$2.76 per share). Aliant is using a portion of these funds for a 6.9 million share normal course issuer bid. By the end of the third quarter, Aliant had purchased 2.5 million shares under the normal course issuer bid announced on July 23, 2003, returning \$80 million to shareholders.

During the quarter, Aliant announced an agreement to sell its 53% interest in Stratos Global. The sale, which is subject to regulatory approval in the United States, is expected to be completed by December 31, 2003, at which time the business would be accounted for under discontinued operations. In 2003, Stratos Global was expected to contribute between \$530 and \$550 million in revenues and between \$110 and \$120 million in EBITDA to Aliant’s consolidated results. Aliant anticipates a gain of between \$0.55 and \$0.60 per share when the transaction is finalized.

**Financial Highlights (for the period ending September 30)**  
**(Results are from continuing operations)**

(\$millions except per share amounts)	Three Months			Nine Months		
	2003	2002	% Change	2003	2002	% Change
Total operating revenue	\$646.5	\$637.6	1.4%	\$1,955.1	\$1,916.8	2.0%
EBITDA	\$229.2	\$225.1	1.8%	\$697.3	\$699.8	-0.4%
Net Income applicable to common shares	\$53.8	\$45.1	19.3%	\$160.2	\$196.5	-18.5%
Earnings per common share	\$0.39	\$0.33	18.2%	\$1.16	\$1.42	-18.3%
Average number of common shares outstanding	137.9	139.6	-1.2%	138.6	138.7	-0.1%

<sup>1</sup> Free cash flow from operations does not have any standardized meaning prescribed by Canadian generally accepted accounting principles (Canadian GAAP) and may not be comparable to similar measures presented by other companies. Aliant defines free cash flow from operations as cash and cash equivalents from (used in) operating activities less capital investments.

<sup>2</sup> EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies. Aliant has included EBITDA as an alternate earnings measure because it is an important internal measure of operating performance and is a commonly used valuation measurement in the telecommunications industry. Aliant also believes that EBITDA is used by certain investors and analysts to measure a company's ability to service debt and to meet other payment obligations. Aliant defines EBITDA as operating income (as defined by Canadian GAAP) plus depreciation and amortization. The Company adds back depreciation and amortization because the accounting methods and assumptions used in its calculation can vary by company. Aliant presents EBITDA on a consistent basis from period to period. The following is a reconciliation of EBITDA to operating income on a consolidated basis:

(\$millions)	Three Months		Nine Months	
	2003	2002	2003	2002
Operating income	\$120.9	\$115.7	\$371.0	\$379.2
Depreciation and amortization	\$108.3	\$109.4	\$326.3	\$320.6
EBITDA	\$229.2	\$225.1	\$697.3	\$699.8

**About Aliant**

From its home base in Atlantic Canada, Aliant delivers a wide variety of innovative and traditional communications services, including local and long-distance telephony, wireless, Internet, e-commerce, interactive multimedia, data and managed network services, to more than two million consumers and over 80,000 enterprises. Aliant complements its industry-leading telecommunications business with strengths in advanced systems and technology solutions, mobile and remote communications, and knowledge-services applications. The company's more than 9,500 employees build on Aliant's 100-plus year history by collaborating to deliver the highest quality of customer service, choice and convenience. Aliant is a TSX 100 company with a market capitalization of more than \$4 billion. More information about Aliant (TSX:AIT) may be found by visiting [www.aliant.ca](http://www.aliant.ca).

## **Analyst conference call**

A conference call with analysts is scheduled for October 24, 2003 at 8:30 a.m. (ET), (9:30 Atlantic, 10:00 a.m. N&L). The dial in number is 1-877-888-7019. Media are invited to attend in a listen mode. A replay of the analyst session can be heard between October 24, 2003 at 11:00 a.m. (ET) to October 31, 2003 at midnight (ET). To access the replay, dial 1-866-518-1010.

## **Forward-looking Statements**

This news release contains certain statements that constitute forward-looking statements related to the future financial condition and results of operations of Aliant. These statements are based on current expectations and estimates about the markets in which Aliant operates and management's beliefs and assumptions regarding these markets. These statements are subject to important risks and uncertainties which are difficult to predict and assumptions which may prove to be inaccurate. Some of the factors which could cause results or events to differ materially from current expectations include but are not limited to: general economic conditions, market or business conditions; increased competition; changing regulatory conditions or requirements; changing technology; the outcome of collective bargaining; and success in implementing productivity initiatives, many of which are largely beyond the control of Aliant. Should any factor impact Aliant in an unexpected manner, or should assumptions underlying the forward-looking statements prove incorrect, the results or events predicted may differ materially from actual results or events. Consequently, all of the forward-looking statements made in this document are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by Aliant will be realized or, even if substantially realized, that they will have the expected consequences for Aliant. Readers should not place undue reliance on any forward-looking statements. Further, Aliant disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or any other occurrence.

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