



**SHENTEL®**

Always connected to you

**NASDAQ: SHEN**

Shenandoah Telecommunications Company

# **INVESTOR PRESENTATION**

**JUNE 2016**

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our business strategy, our prospects and our financial position. These statements can be identified by the use of forward-looking terminology such as “believes,” “estimates,” “expects,” “intends,” “may,” “will,” “should,” “could,” or “anticipates” or the negative or other variation of these similar words, or by discussions of strategy or risks and uncertainties. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from the Company’s expectations and projections. Important factors that could cause actual results to differ materially from such forward-looking statements include, without limitation, risks related to the following:

- ☐ Increasing competition in the communications industry; and
- ☐ A complex and uncertain regulatory environment.

A further list and description of these risks, uncertainties and other factors can be found in the Company’s SEC filings which are available online at [www.sec.gov](http://www.sec.gov), [www.shentel.com](http://www.shentel.com) or on request from the Company. The Company does not undertake to update any forward-looking statements as a result of new information or future events or developments.

Included in this presentation are certain non-GAAP financial measures that are not determined in accordance with US generally accepted accounting principles. These financial performance measures are not indicative of cash provided or used by operating activities and exclude the effects of certain operating, capital and financing costs and may differ from comparable information provided by other companies, and they should not be considered in isolation, as an alternative to, or more meaningful than measures of financial performance determined in accordance with US generally accepted accounting principles. These financial performance measures are commonly used in the industry and are presented because Shentel believes they provide relevant and useful information to investors. Shentel utilizes these financial performance measures to assess its ability to meet future capital expenditure and working capital requirements, to incur indebtedness if necessary, return investment to shareholders and to fund continued growth. Shentel also uses these financial performance measures to evaluate the performance of its businesses and for budget planning purposes.



## Our vision:

Shentel will ensure that

**rural communities**

have access to the same level of  
telecommunication services as those found  
**anywhere else** in the U.S.

## Our mission:

Shentel is committed to

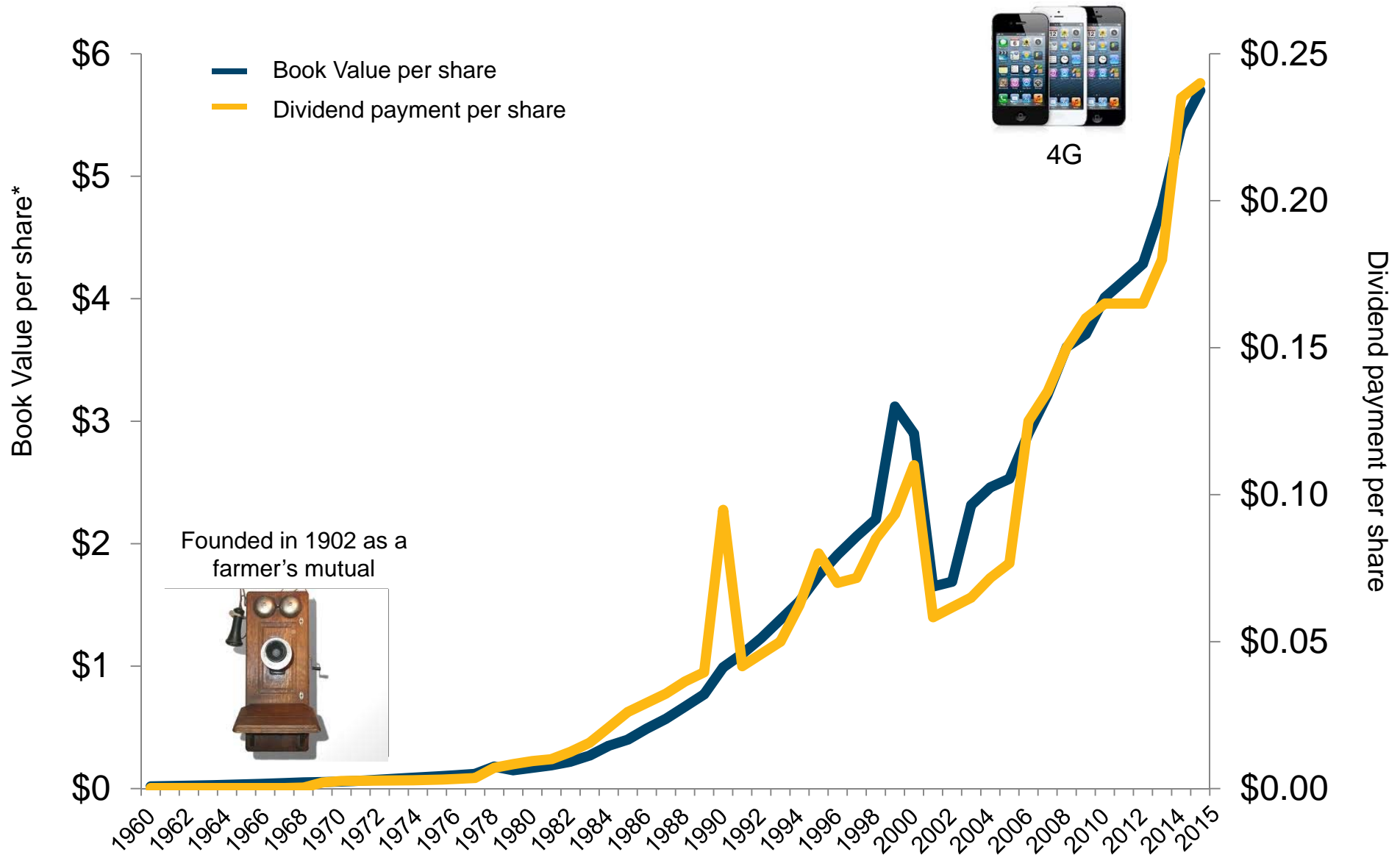
**enriching** the **lives**  
of the **customers** we **serve**

with the highest quality telecommunications services  
by making **major investments** in technology,  
using **innovative thinking** and delivering  
**high quality local customer service**  
that makes using technology easy.

Providing a broad range of diversified telecommunications services to customers in the Mid-Atlantic United States and the exclusive personal communications service ("PCS") Affiliate of Sprint in portions of Pennsylvania, Maryland, Virginia and West Virginia.

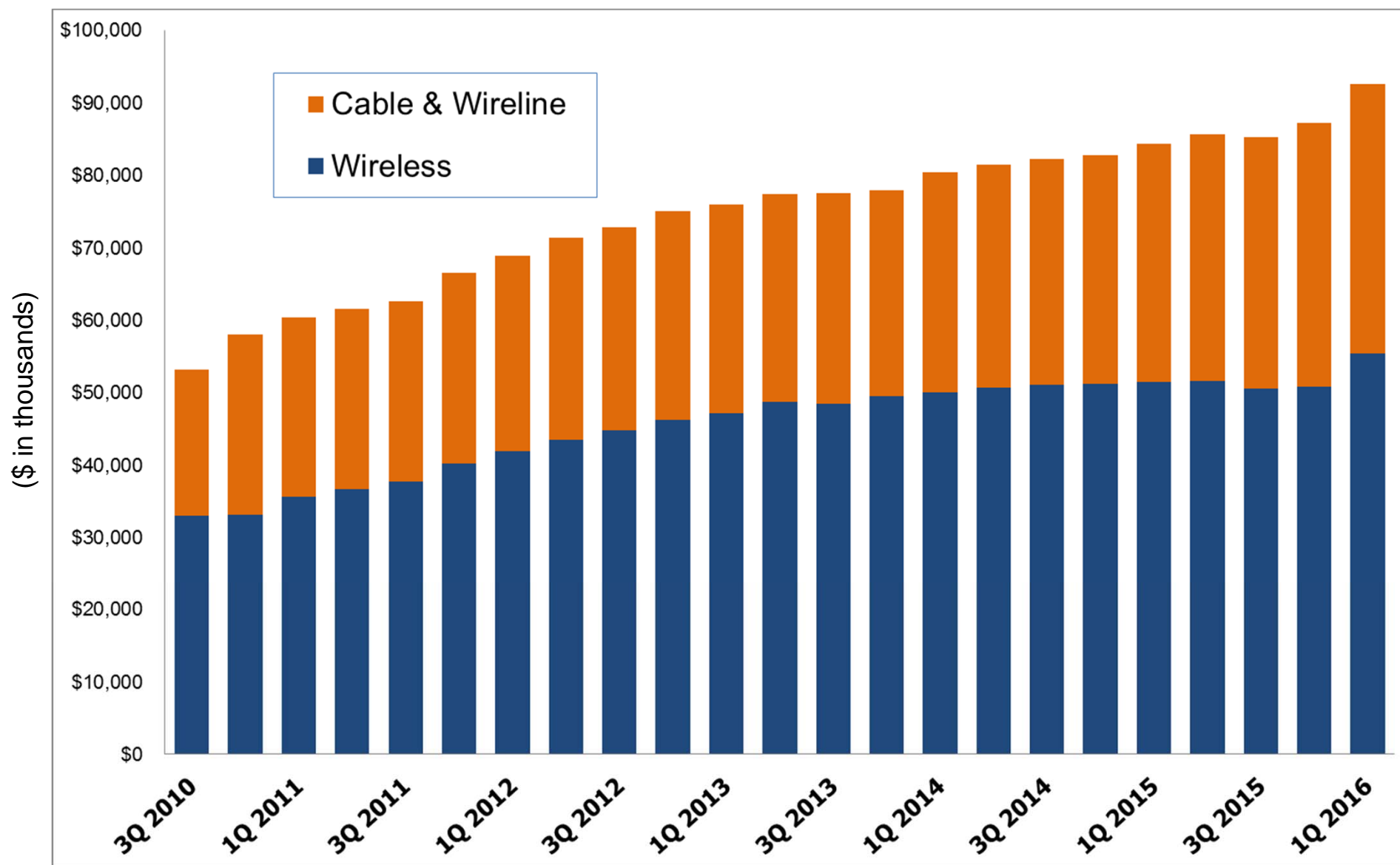
- **Diverse Revenue Streams**
  - 3 complementary revenue streams: Wireless, Cable and Wireline
- **Tower Leasing Business Provides Steady Recurring Cash Flow**
  - We own 157 towers with an average of 2.3 tenants each
- **Fiber**
  - We control 4,699 route miles of fiber
  - Writing \$2.0 million of fiber revenue contracts monthly over the TTM
- **Completed acquisition of nTelos in May 2016**
  - SHEN acquires all of nTelos' stock and operations

# Building Value Since 1902

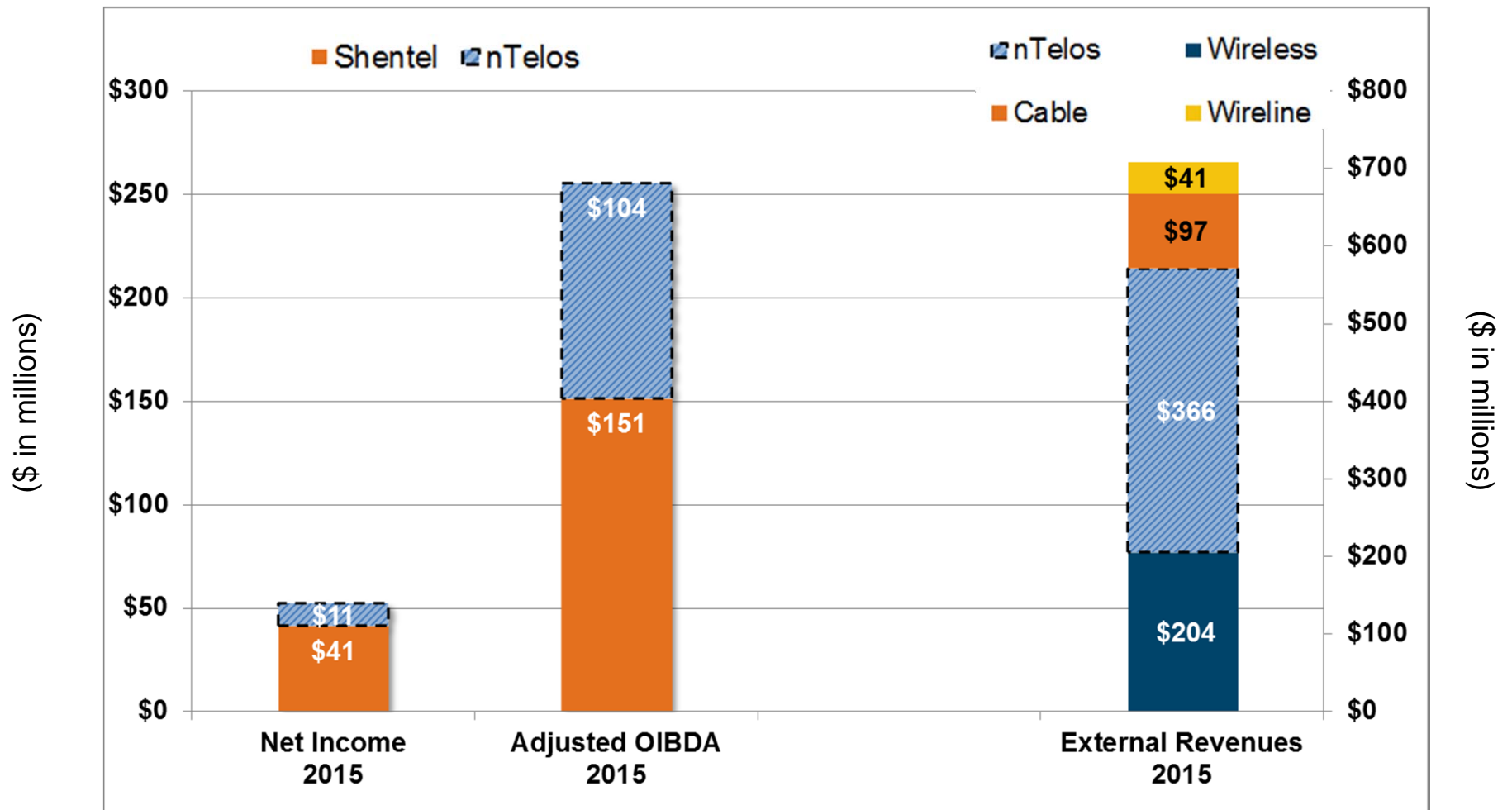


\*Adjusted for stock splits

# External Revenues by Segment



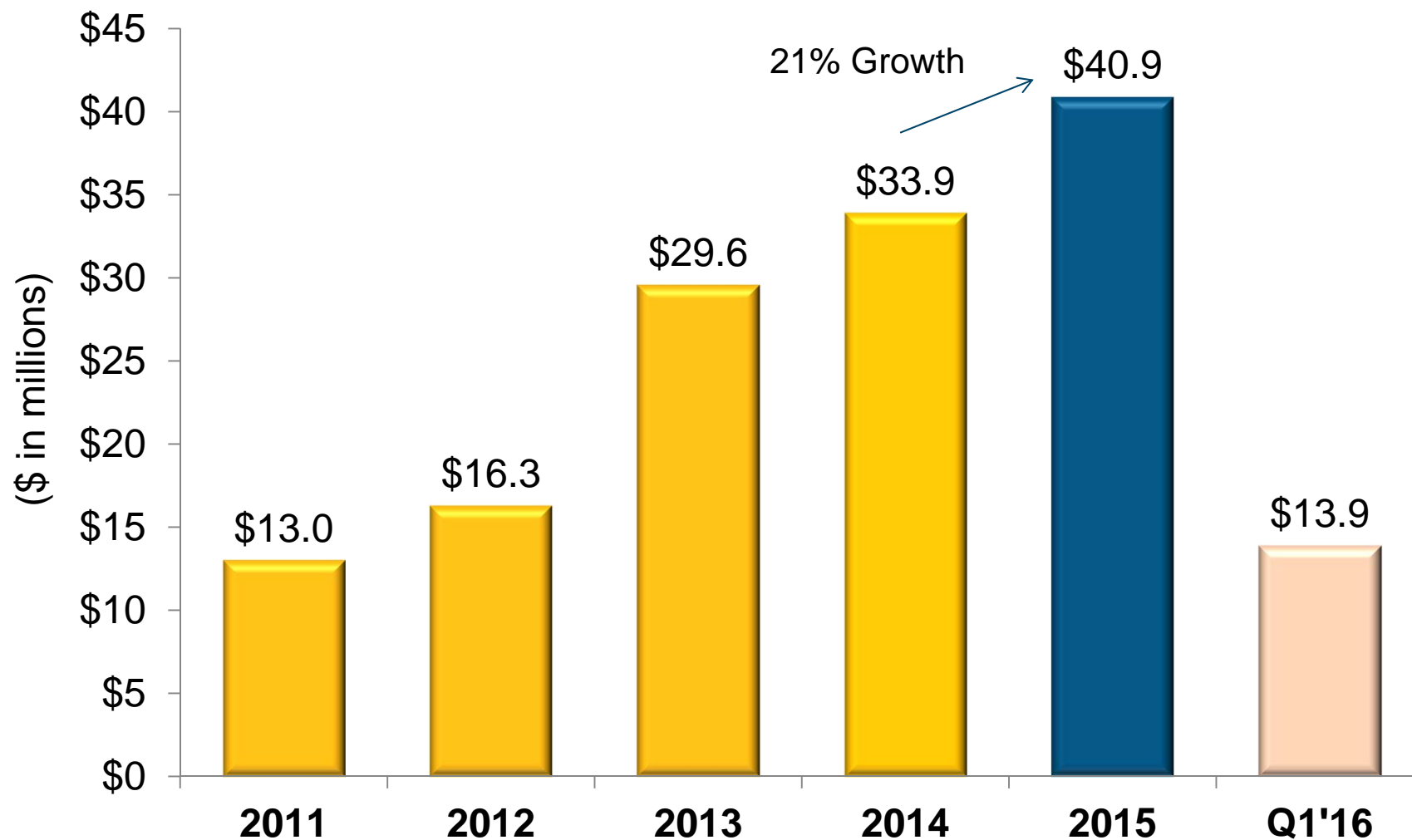
\*Results are pre-acquisition and do not reflect forward-looking estimates



\*Results are as reported in the respective company's regulatory filings for 2015.  
Results were combined to illustrate impact of acquisition, and will not be restated.

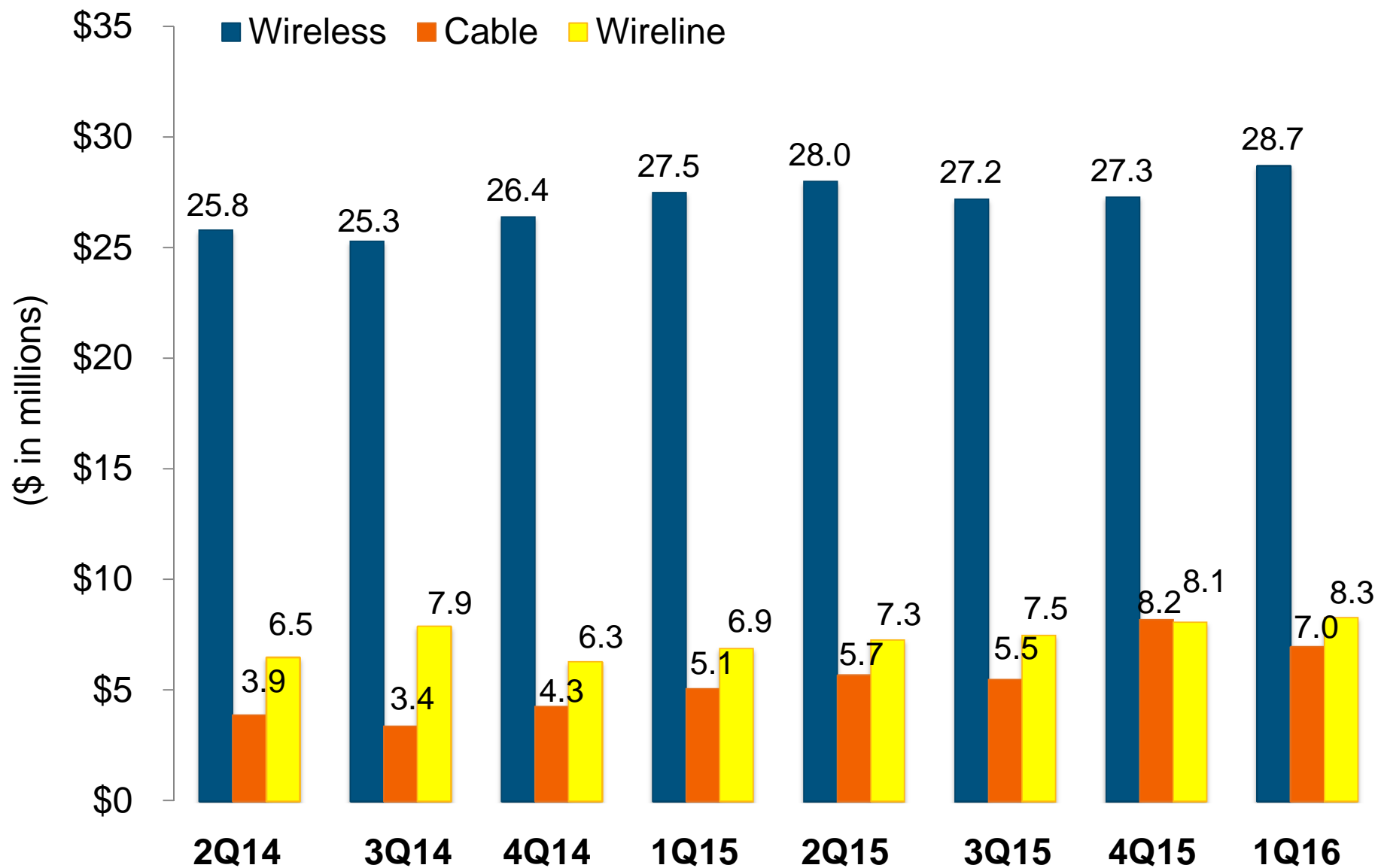


## Historical Net Income



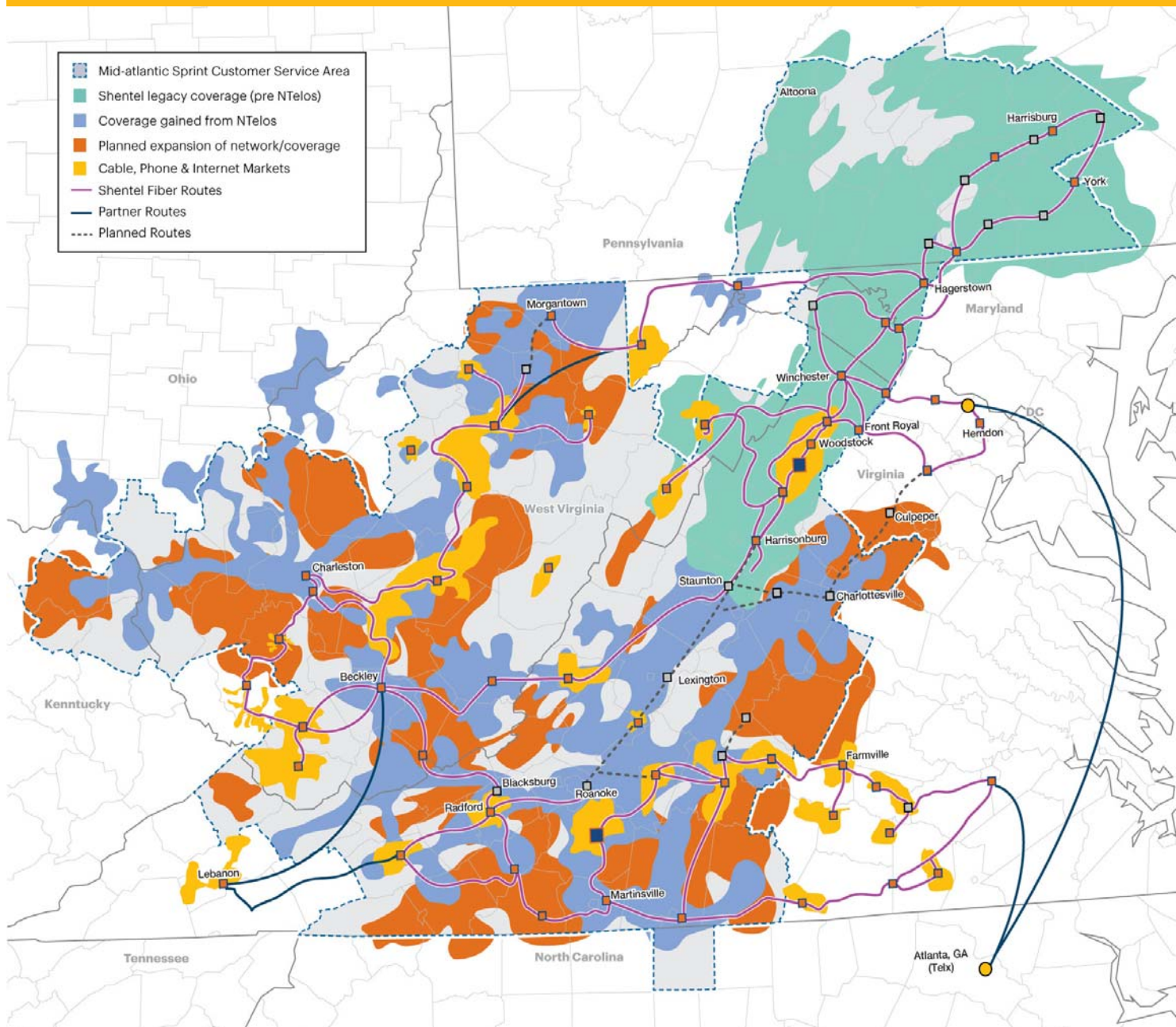
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## Adjusted OIBDA by Segment



\*Results are pre-acquisition and do not reflect forward-looking estimates

# WIRELESS SEGMENT



- 4.3 million covered POPs
- 1 million total subscribers
- 24% penetration of covered POPs
- 1,408 base stations after elimination of 148 redundant sites

- Contract through 2029
- Two 10-year renewals
- Payment at termination of 90%
- Postpaid Sprint fees of 16.6% (Management: 8%; Service: 8.6%)
  - Management fee waived on a cash basis for the next 5+ years
  - Net service fee is waived on nTelos legacy subscribers until migrated to Sprint

## SPRINT PROVIDES

### Management Fee

- Spectrum
- Brand
- National Platform
- Access to Sprint vendors

### Net Service Fee

- Billing/Collections
- Customer Care
- Long Distance
- Equipment Financing

**Payment = 8% of Net Billings**

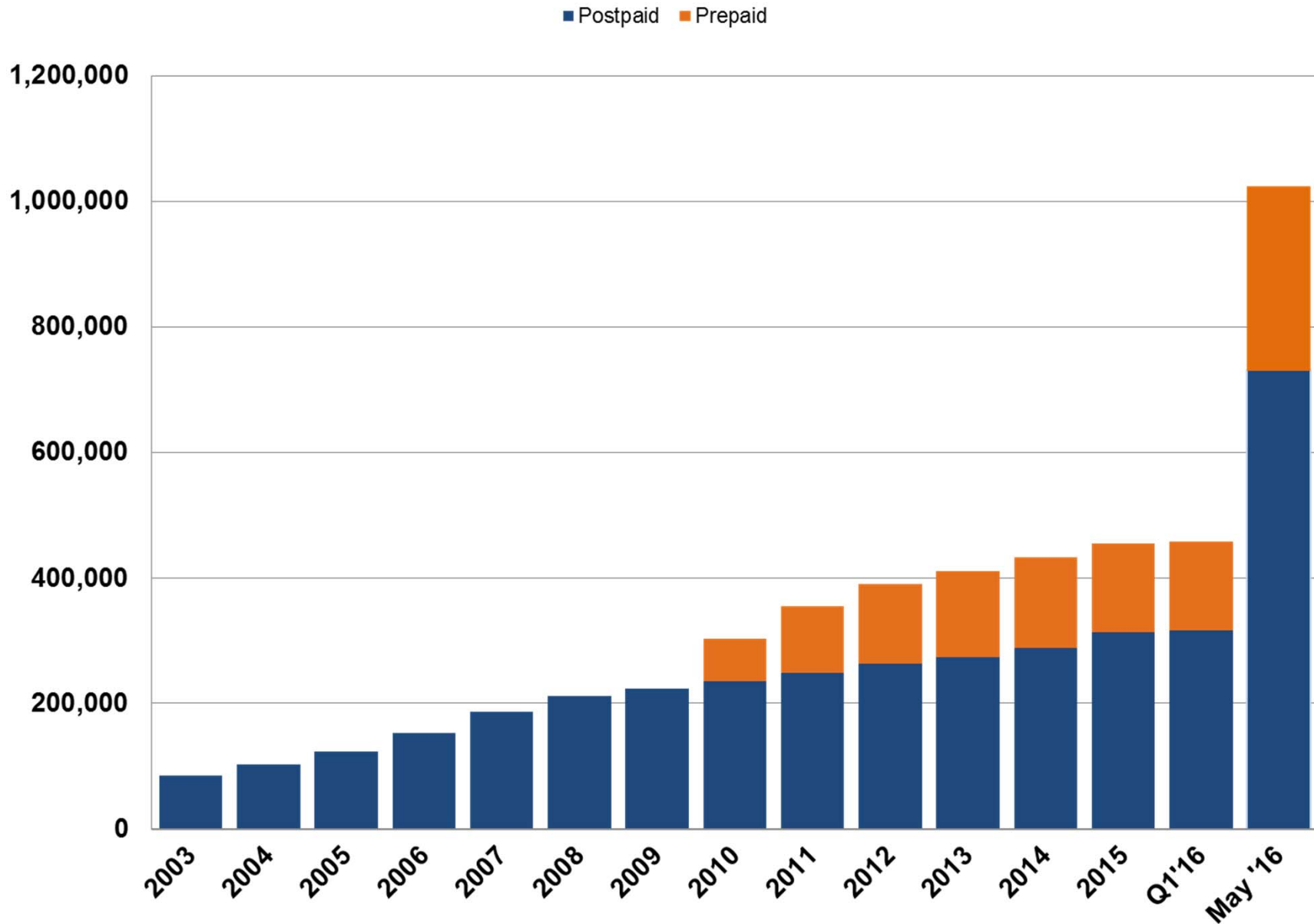
**Payment = 8.6% of Net Billings**

## SHENTEL PROVIDES

- Network (Towers, Cell Sites, Backhaul, Local Switch)
- Local Sales and Service
- Local Advertising & Promotions

**Payment = 83.4% of Net Billings**

# PCS Subscriber Growth



\*May 2016 results include Shentel's 4/30/16 subscribers plus those acquired from nTelos on 5/5/16





As of 5/13/2016 (Post-acquisition)



Websites and announcement collateral contain the following transitional logos:



We have begun layering in Sprint branding inside the nTelos stores with Sprint Available Here signs and reps wearing Sprint lanyards.

Customers visiting stores are being given a VIP ticket to fill out and schedule a migration appointment, or they can call 1-855-MIGRATE.

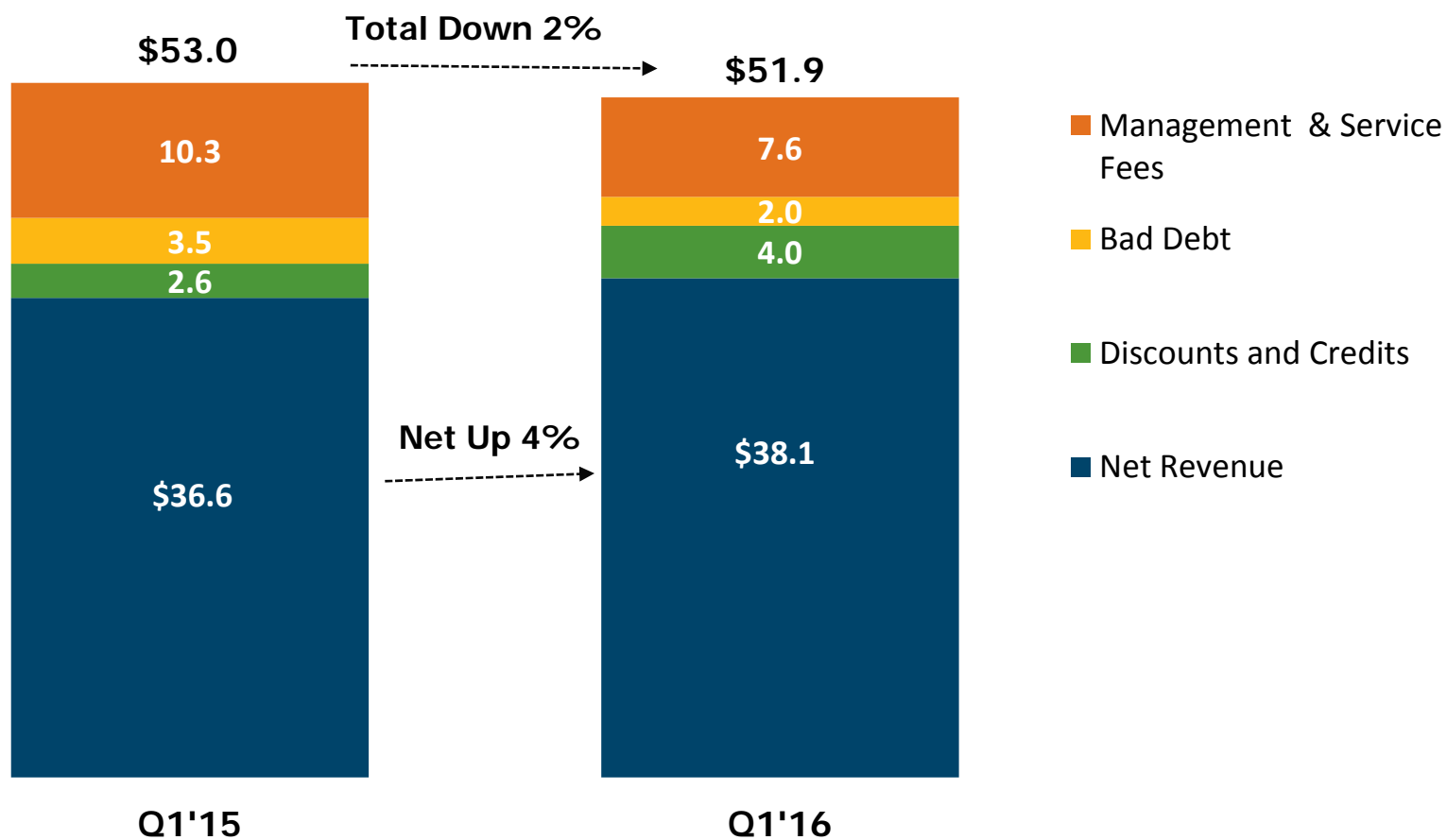


- nTelos Dealer locations are currently being transitioned over to Sprint stores at appx three stores per week.
- All Corporate nTelos locations will be transitioned to Sprint by summer. At that point there will be window signage to designate that nTelos bill payments and care are still available in these locations.

| As of 12/31/2015             |                |        |                |         |          |                     |                |
|------------------------------|----------------|--------|----------------|---------|----------|---------------------|----------------|
|                              | Shentel<br>PCS | nTelos | US<br>Cellular | Sprint  | T-Mobile | Verizon<br>Wireless | AT&T<br>Mobile |
| Covered<br>POPS<br>(in 000s) | 2,224          | 3,100  | 31,967         | 282,000 | 304,000  | 307,000             | 321,000        |
| % Growth                     | 5.1%           | 7.1%   | 3.2%           | 0.2%    | 2.9%     | 3.6%                | 2.0%           |
| Penetration                  | 20.5%          | 9.7%   | 15.0%          | 16.3%   | 16.2%    | 36.5%               | 27.6%          |

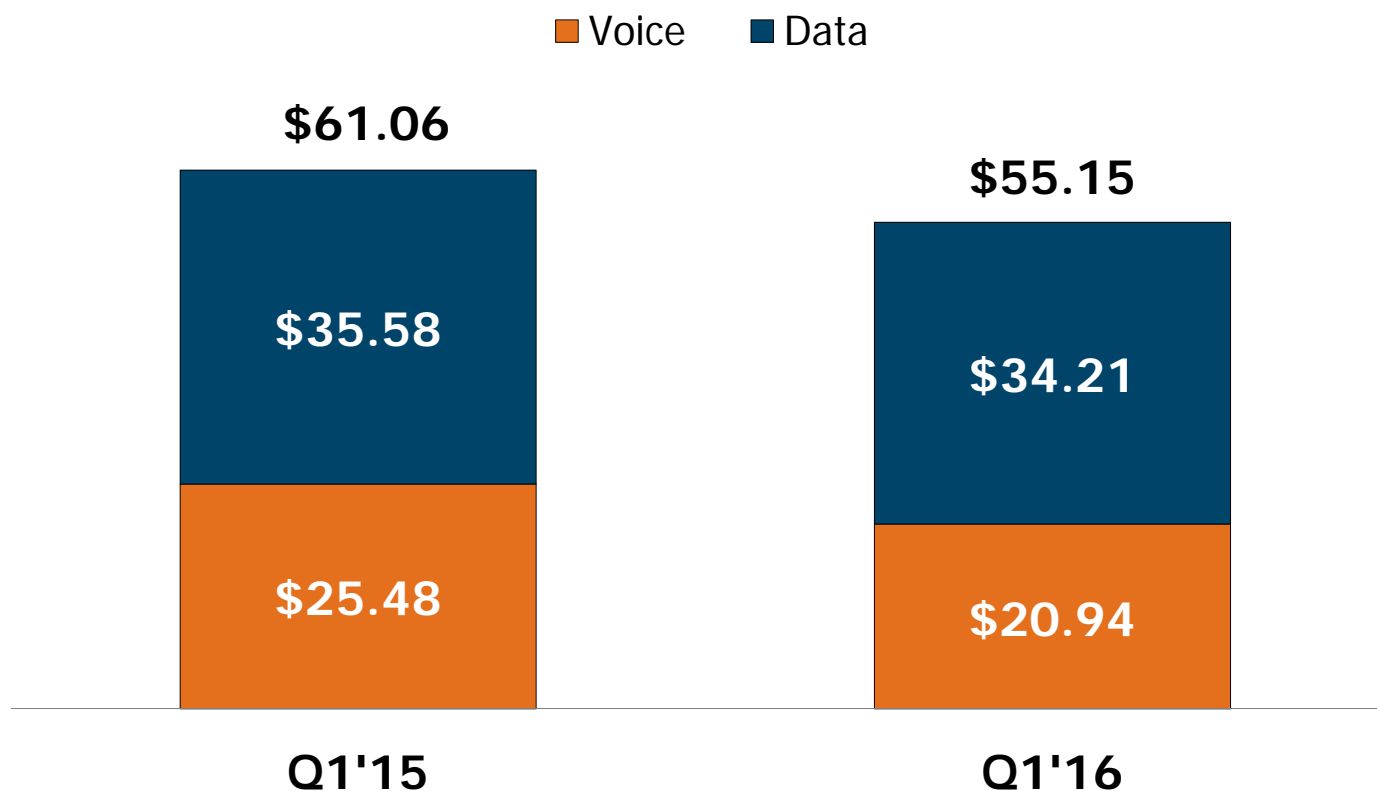
Source: Company filings, SNL Kagan, and Shentel estimates;  
 Covered pops and penetration as of December 31, 2015;  
 Growth and penetration rates cover Postpaid and Prepaid subs only;  
 % growth for trailing twelve months as of December 31, 2015; excludes acquisitions and divestitures  
 Sprint's covered POPs and penetration % based on estimates

## Gross Billed Revenues - Postpaid (\$ millions)



\*Results are pre-acquisition and do not reflect forward-looking estimates

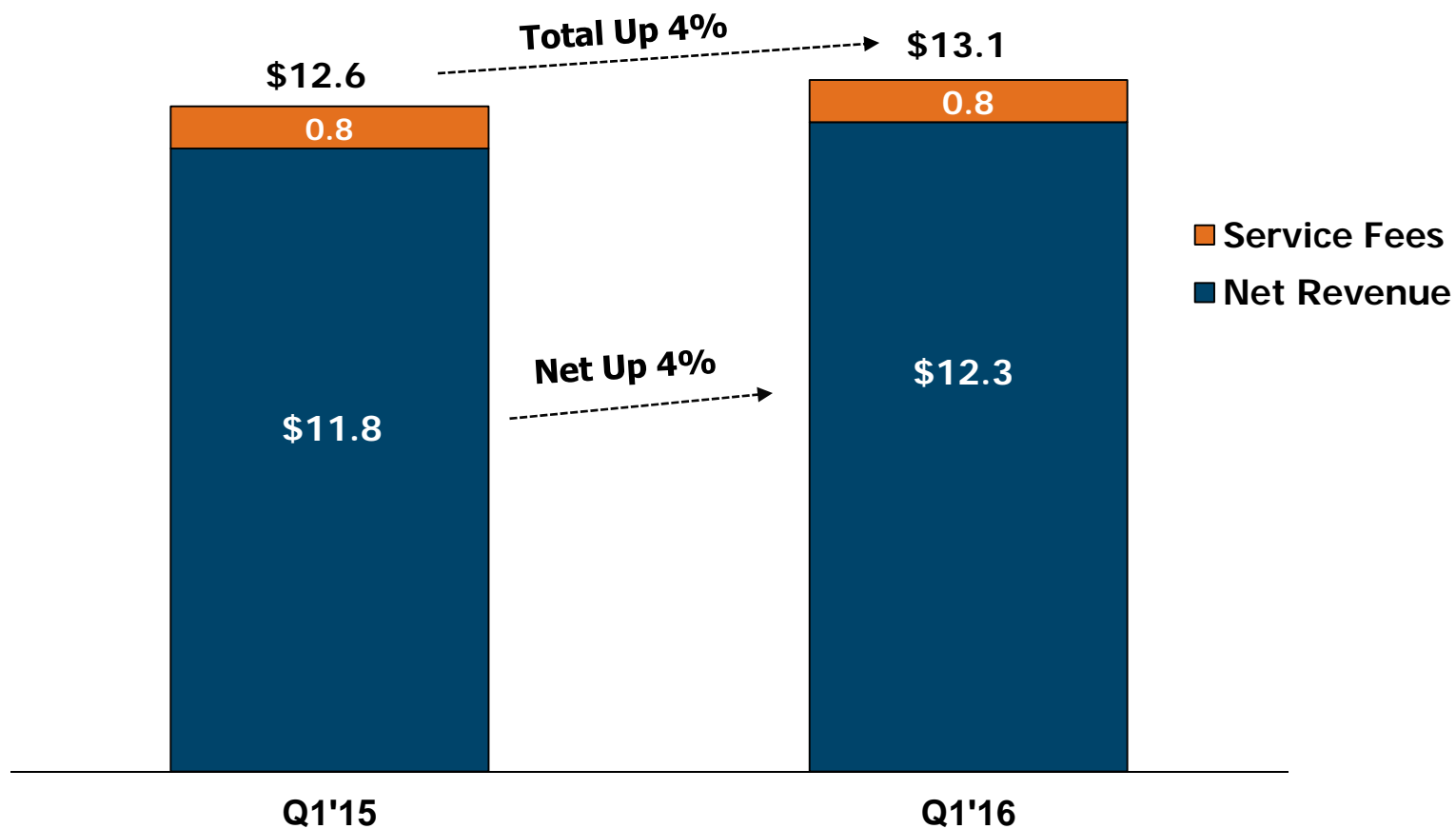
**Gross Billed Service Revenue per Postpaid User – Data & Voice <sup>1</sup>**



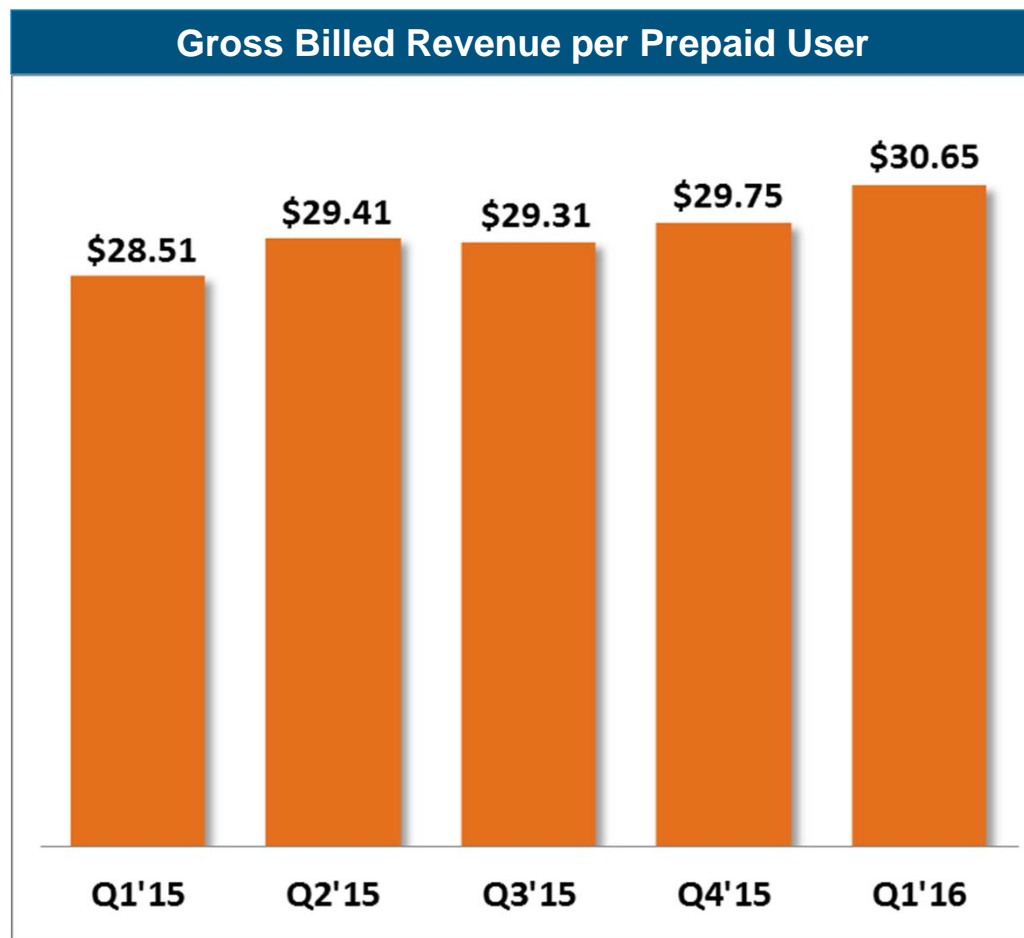
<sup>1</sup> – Before Service credits, bad debt, Sprint Nextel fees.

\*Results are pre-acquisition and do not reflect forward-looking estimates

## Gross Billed Revenues - Prepaid (\$ millions)

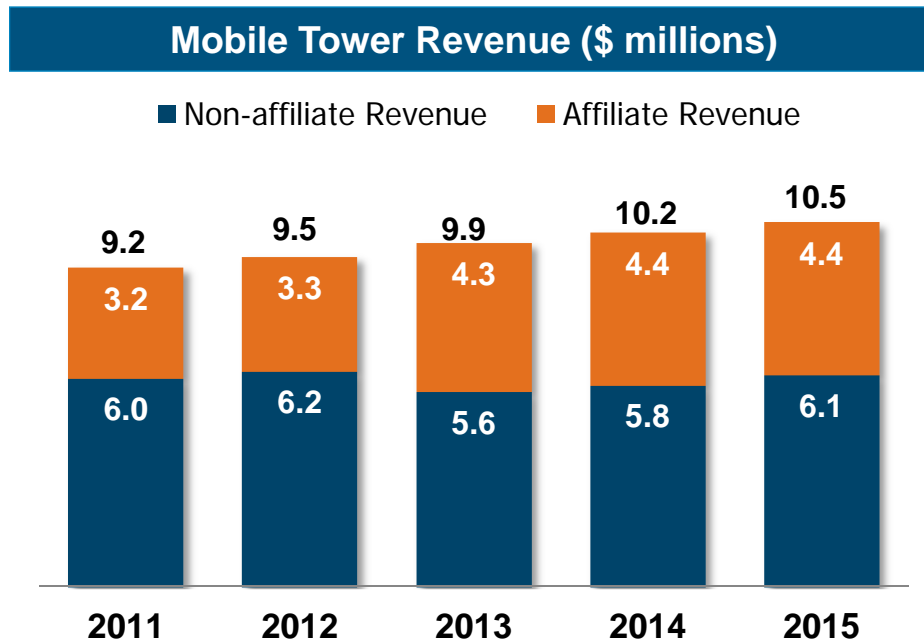


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\*Results are pre-acquisition and do not reflect forward-looking estimates

## Steady Recurring Cash Flow

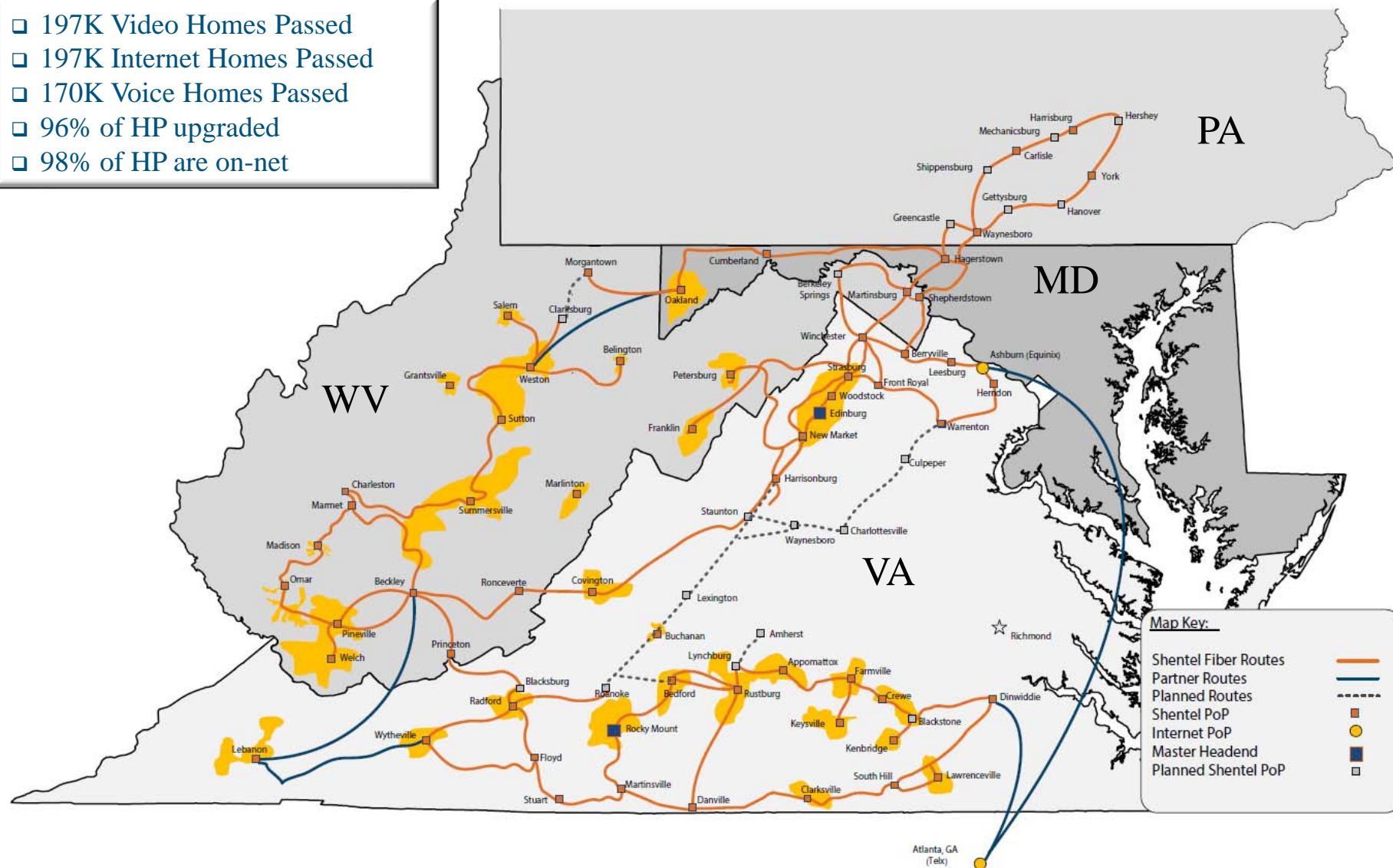


- Tower lease revenue of \$10.5 million in FY'15 with \$6.9 million of EBITDA
- Long-term opportunity to increase leasing revenues given growing demand for data
- Company owns 157 cell towers
  - Most carriers do not own their own towers

# CABLE SEGMENT



- ❑ 197K Video Homes Passed
- ❑ 197K Internet Homes Passed
- ❑ 170K Voice Homes Passed
- ❑ 96% of HP upgraded
- ❑ 98% of HP are on-net



## Shentel Cable

- Company leads with Broadband
- We own/control our backbone fiber network and our telephone switch
- Local/Regional focus

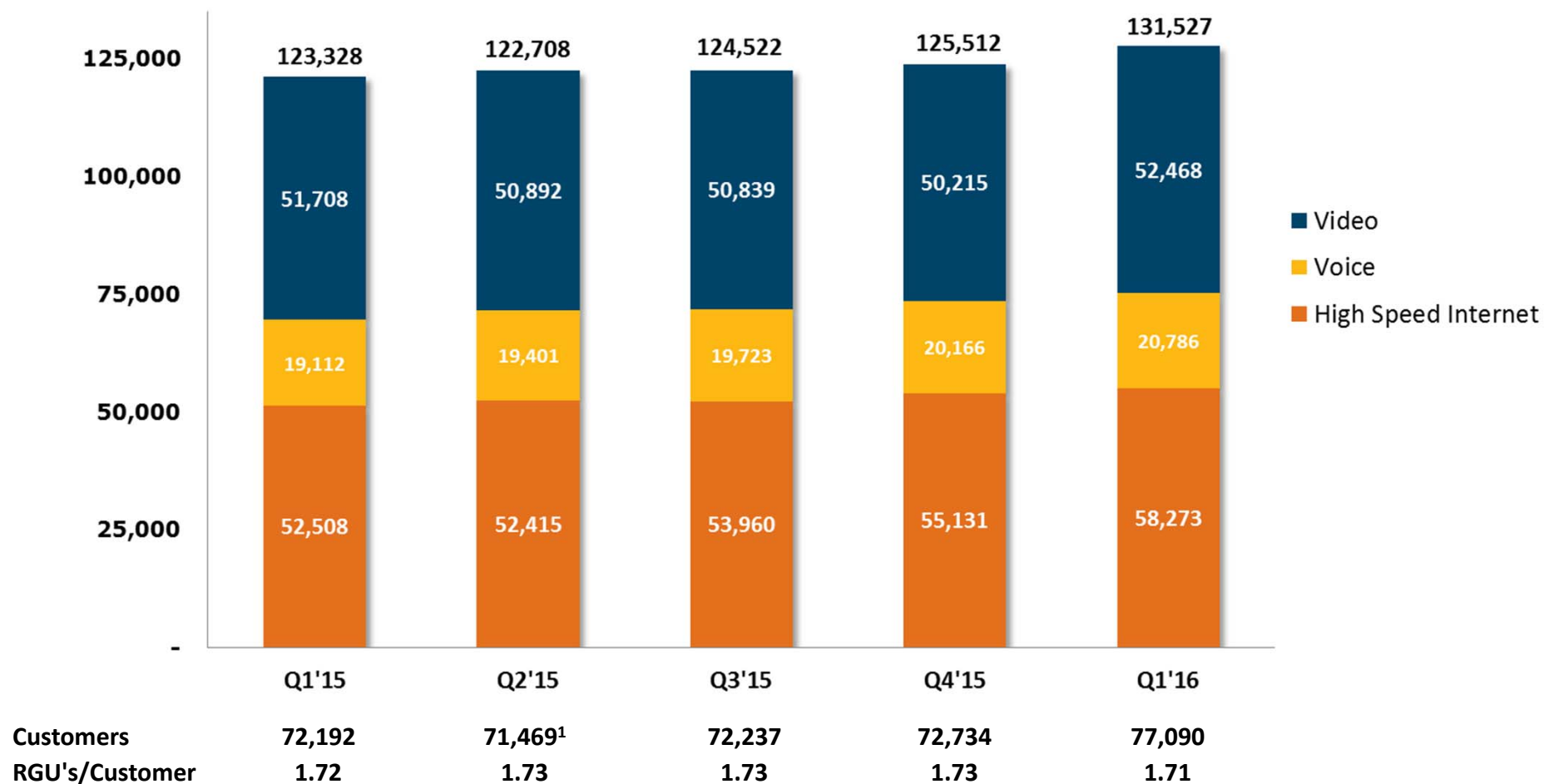
## Competitors

### Verizon/CenturyLink/Frontier

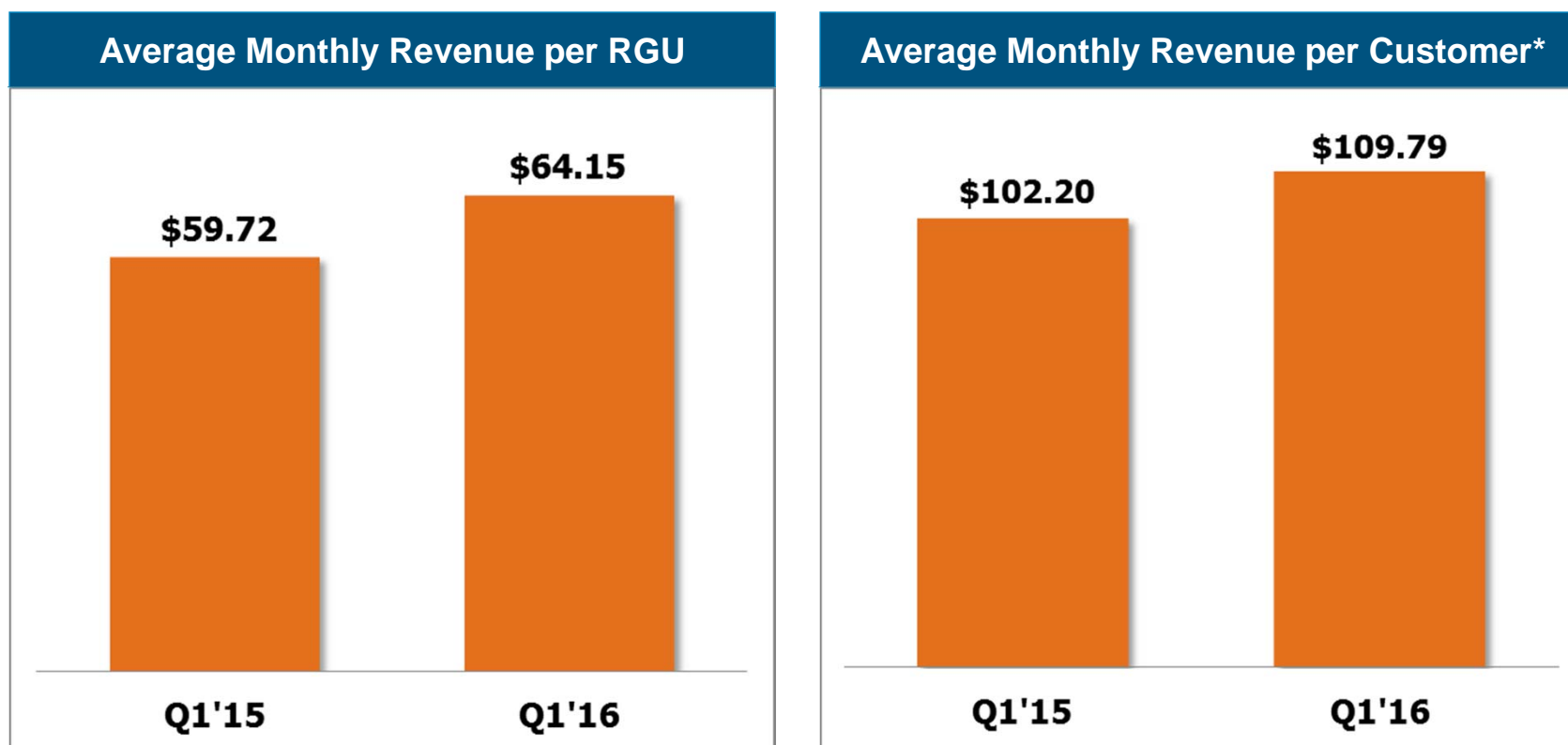
- DSL— slower service
- Requires significant capital expenditure to offer comparable service to Cable
- Loss of cash flow from shrinking voice service
- Bundling of satellite video with their voice and DSL

### Dish/DirecTV

- Bundling of telco, DSL and voice with their video
- Satellite internet is fast but has limited capacity
- No local presence



1. College students disconnect during summer



\*Average monthly revenue per video subscriber was \$141.46 and \$159.60 for Q1 2015 and Q1 2016, respectively.

|                                   | <u>December 31,</u><br><u>2010</u> | <u>March 31,</u><br><u>2016<sup>(1)</sup></u> | <u>Peer</u><br><u>Average*</u> |
|-----------------------------------|------------------------------------|---|--------------------------------|
| <b><u>Video</u></b>               |                                    |   |                                |
| Homes Passed                      | 162,763                            | 181,375                                       |                                |
| Penetration                       | 36.7%                              | 28.9%   | 27.4%                          |
| <b><u>High-speed Internet</u></b> |                                    |   |                                |
| Available Homes                   | 144,099                            | 180,814                                       |                                |
| Penetration                       | 22.1%                              | 32.2%   | 33.1%                          |
| <b><u>Voice</u></b>               |                                    |   |                                |
| Available Homes                   | 118,652                            | 178,077                                       |                                |
| Penetration                       | 5.3%                               | 11.7%   | 9.4%                           |

<sup>(1)</sup> – Colane Cable acquisition 1/1/16

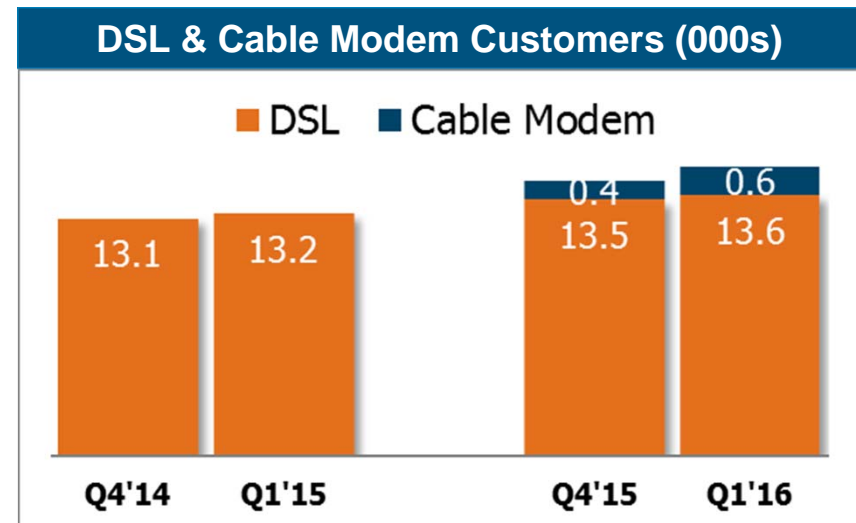
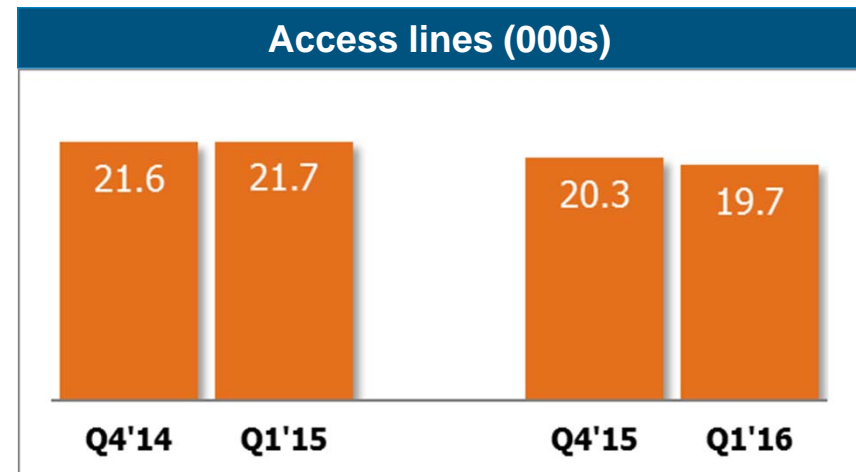
**Acquired Neglected Markets; Opportunity to Drive Higher Penetration**

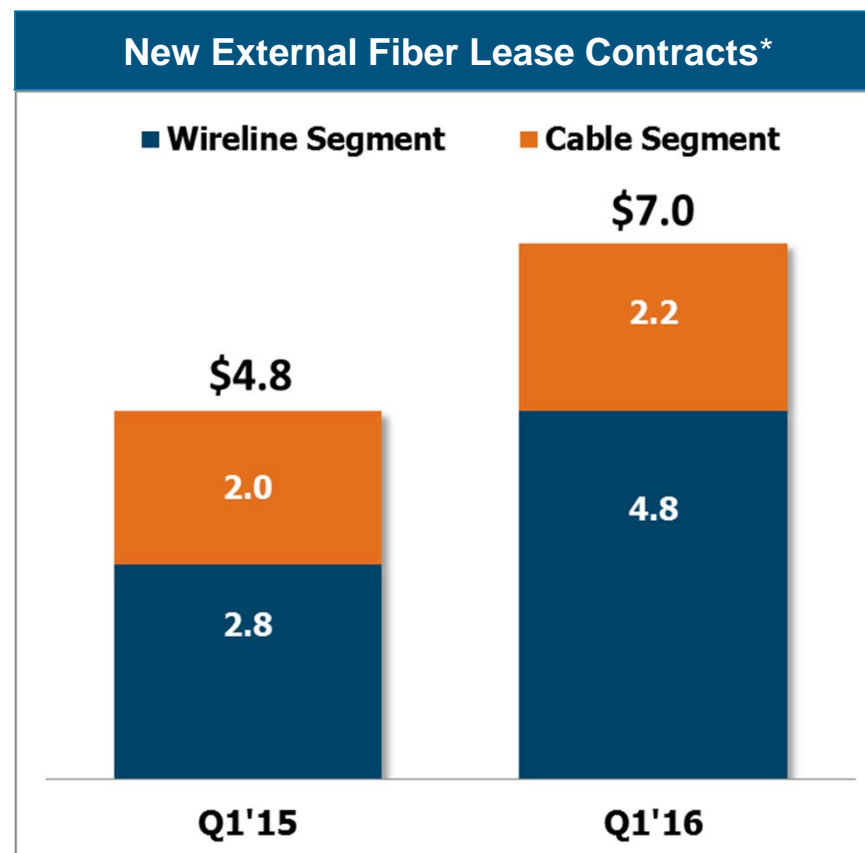
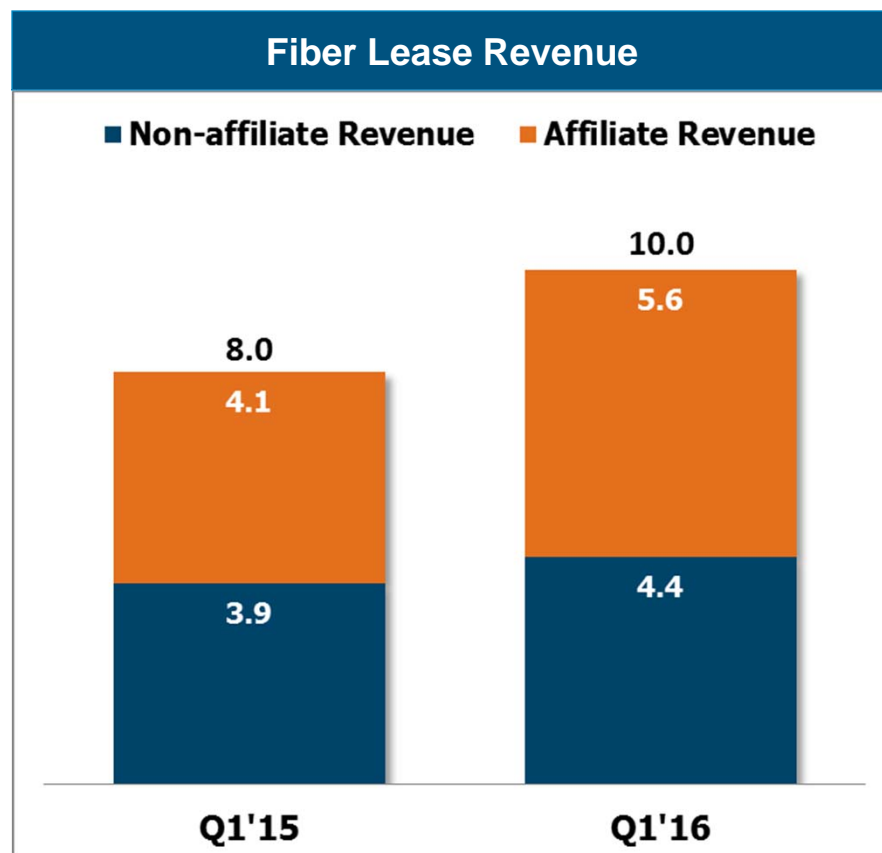
*\* Note: Peer Average information derived from SNL Kagan data as of 12/31/2015 for 10 comparably sized companies: Anne Arundel Broadband; Comporium Communications; Fidelity Communications Company; Hargray Cable; MetroCast Cablevision; Morris Broadband, LLC; Schurz Communications, Inc.; Vast Broadband; WEHCO Video, Inc.; Zito Media*

# WIRELIN SEGMENT



- Access line loss of 9.2% in past 12 months as a result of no longer requiring access line to purchase internet service
- Effective Q4'15, subscribers were offered a cable modem internet option up to 101 Mbps
- 5,232 video subscribers at 3/31/16



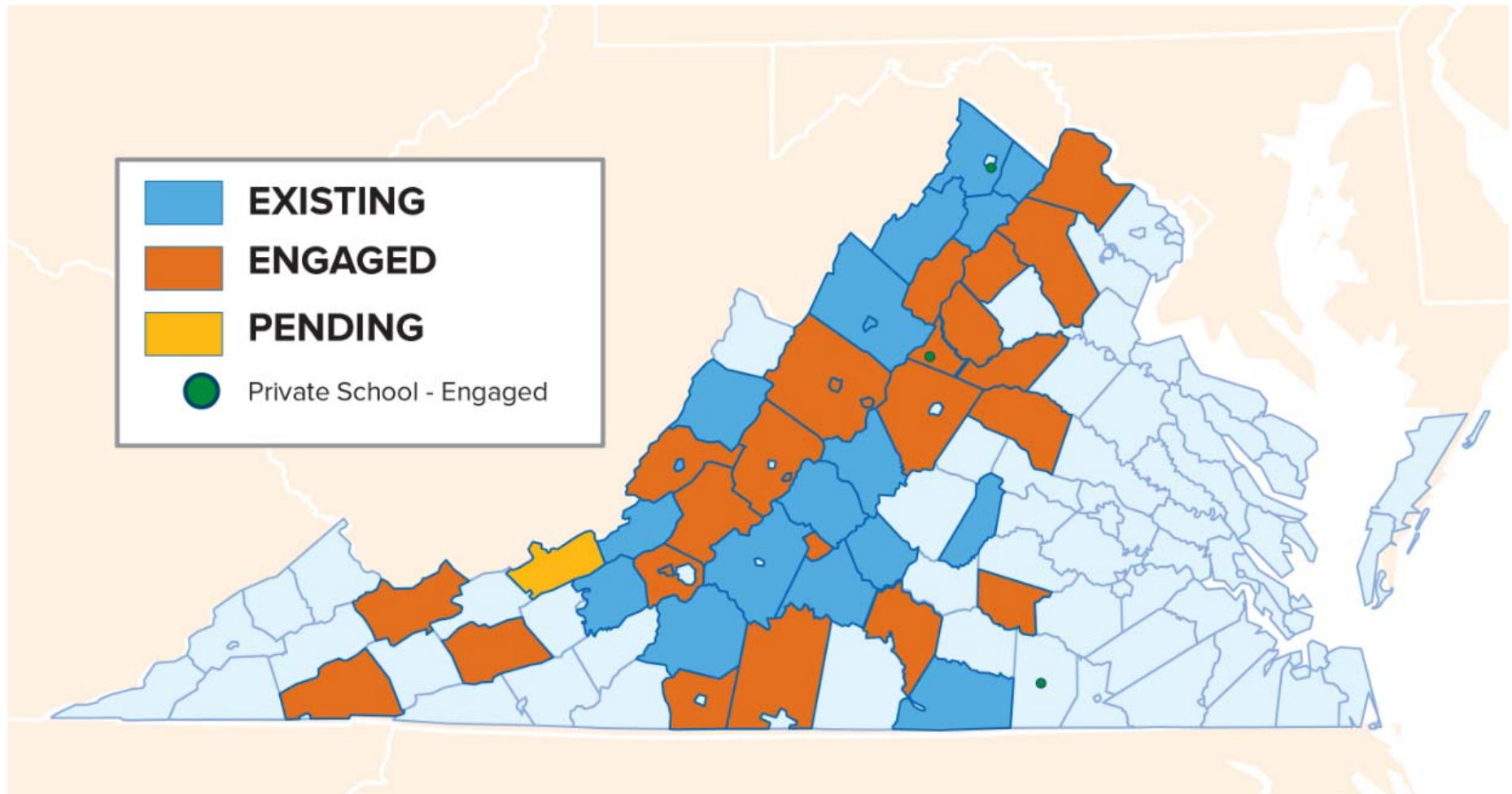


\* Amounts shown represent the total contract value. Contract Terms range from 36 to 120 months.

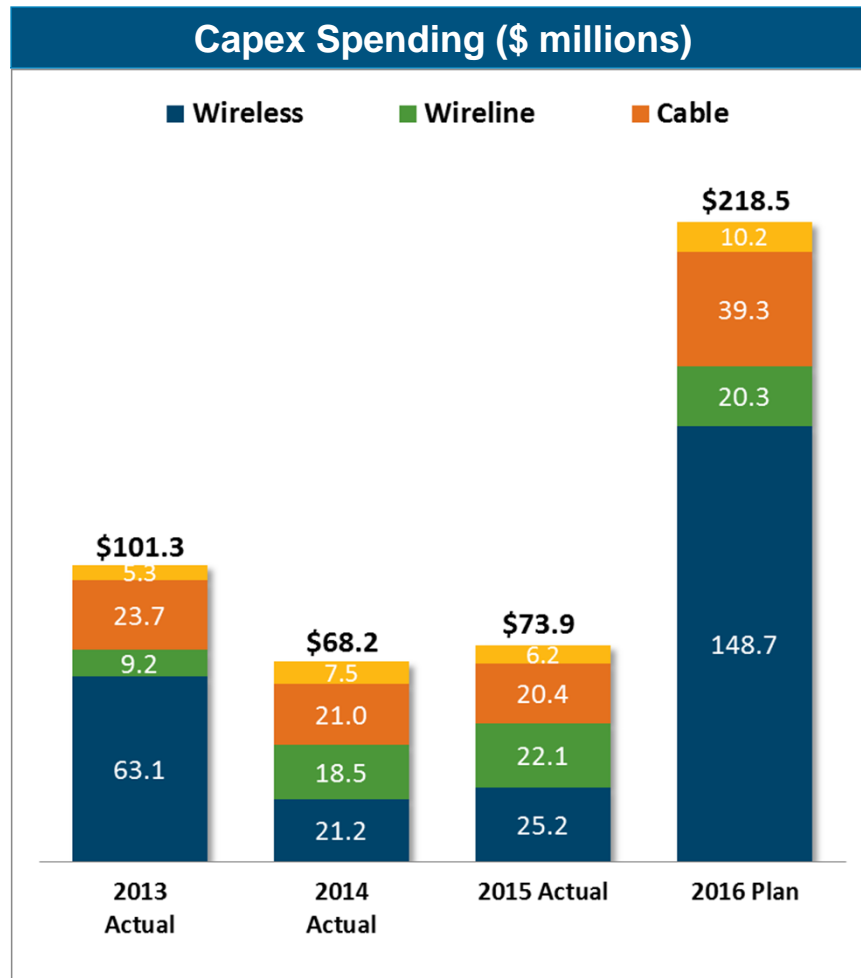


- ❑ 236 total cell sites
- ❑ 193 to Shentel sites
- ❑ 43 to other sites
- ❑ 52 FTT sites planned for 2016





# CAPITAL INVESTMENT



- 2016 Capex Spending:
  - 56% Upgrades and Expansion of nTelos network
  - 17% Network Expansion
  - 11% Additional Network Capacity
  - 10% Network Maintenance
  - 6% Success-Based

# Q&A

# APPENDIX

**■ Top Service Plans – 57% of Gross Adds**

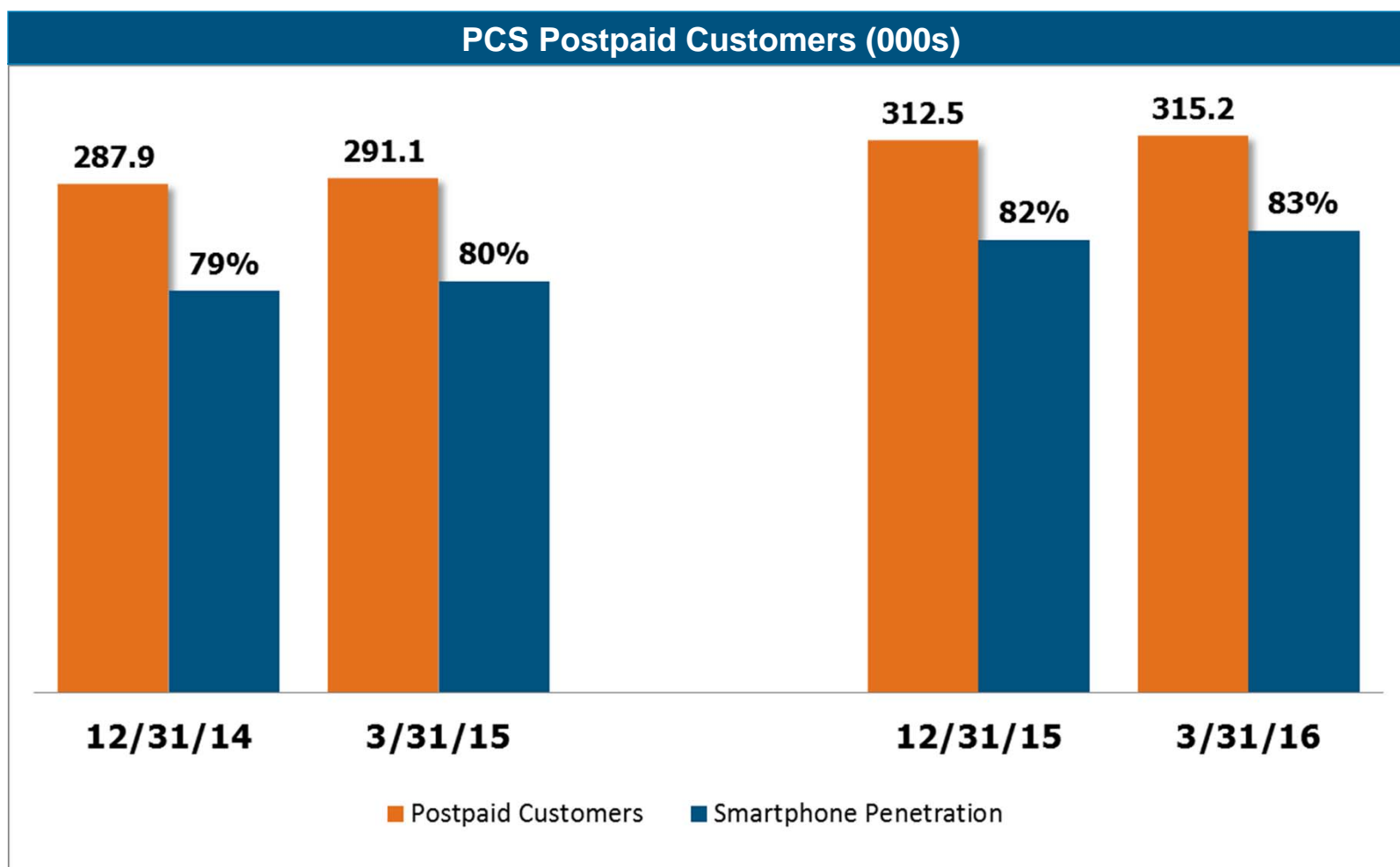
|                           |     |
|---------------------------|-----|
| \$75 Unlimited Plan       | 15% |
| High Speed Data Share     | 15% |
| ATT Mobile Choice 50% OFF | 11% |
| Unlimited Plan            | 8%  |
| Tablet Plan               | 8%  |

**■ Top Devices – New Activations – All Channels**

|                          |     |
|--------------------------|-----|
| iPhone                   | 43% |
| Samsung Galaxy S         | 21% |
| Samsung Note 5           | 6%  |
| Alcatel One Touch Pixi 3 | 5%  |
| Samsung Grand Prime      | 3%  |

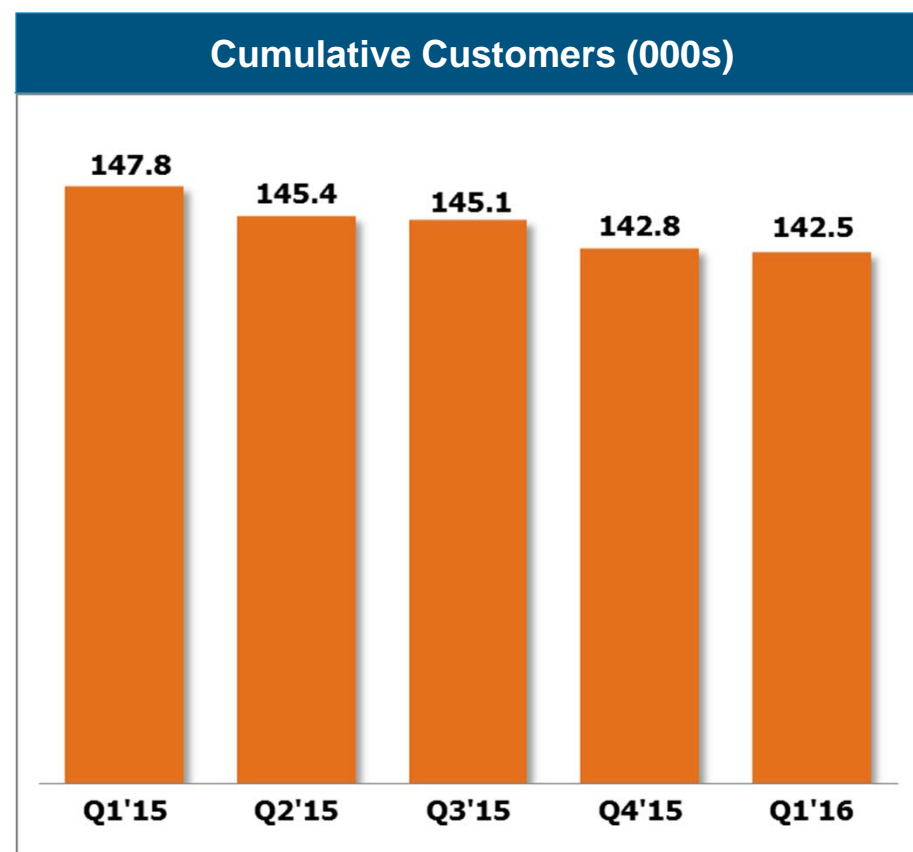
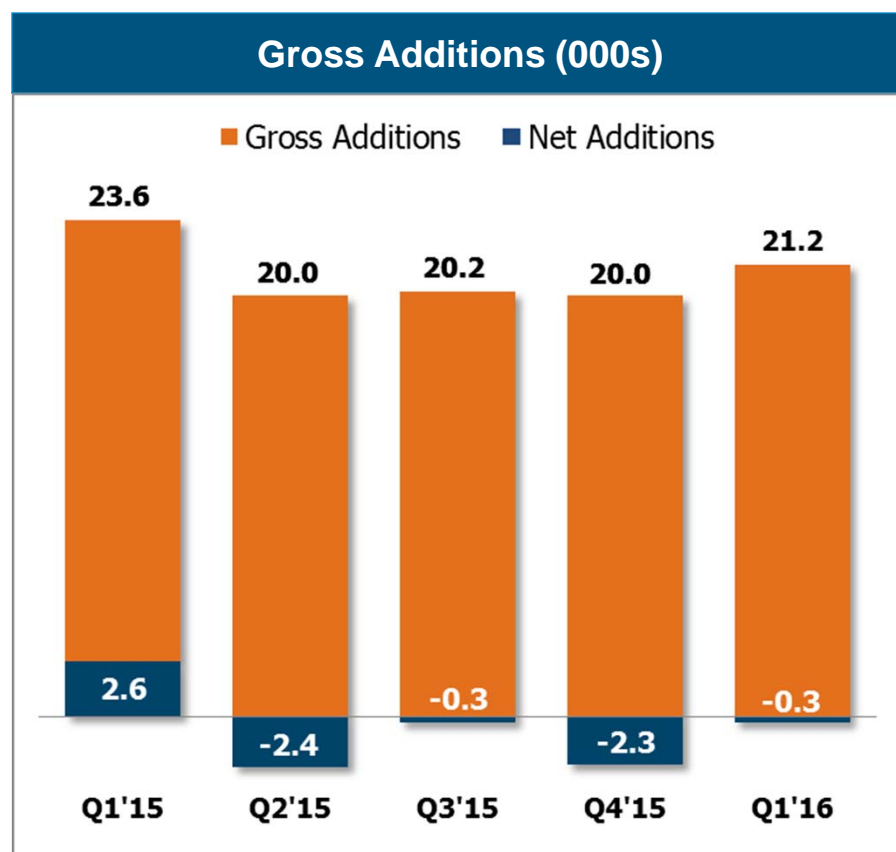
Smartphones made up 83% of the Postpaid base in Q1'16, up from 82% in Q4'15, and 80% in Q1'15.

\*Results are pre-acquisition and do not reflect forward-looking estimates

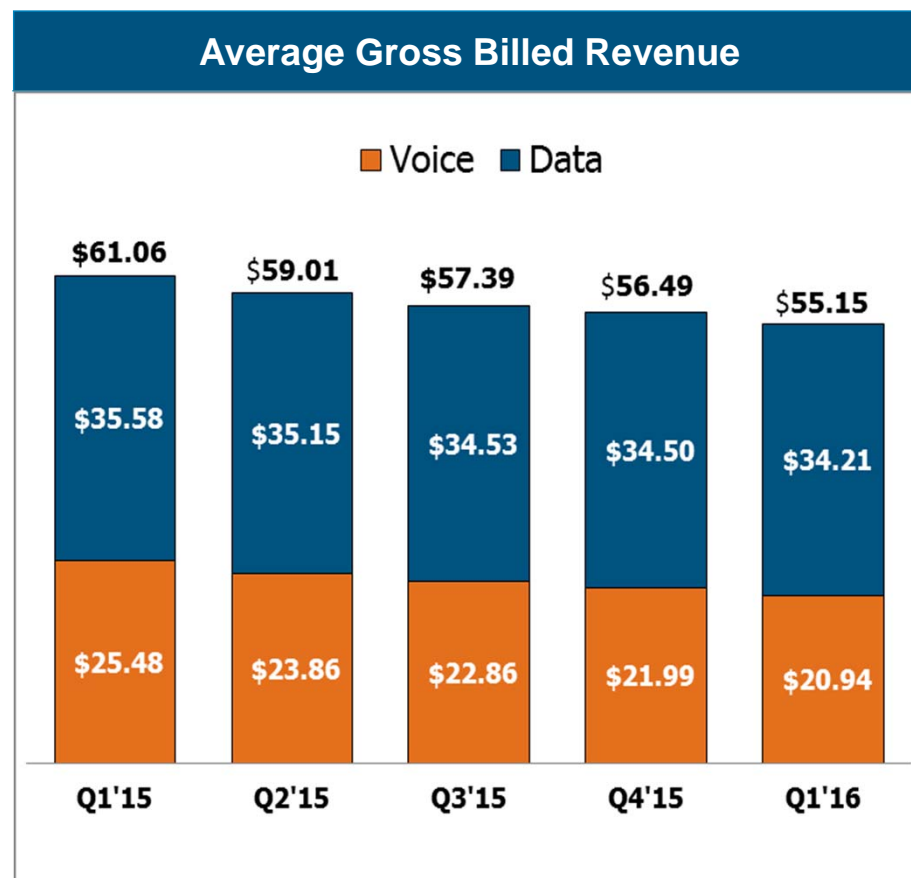
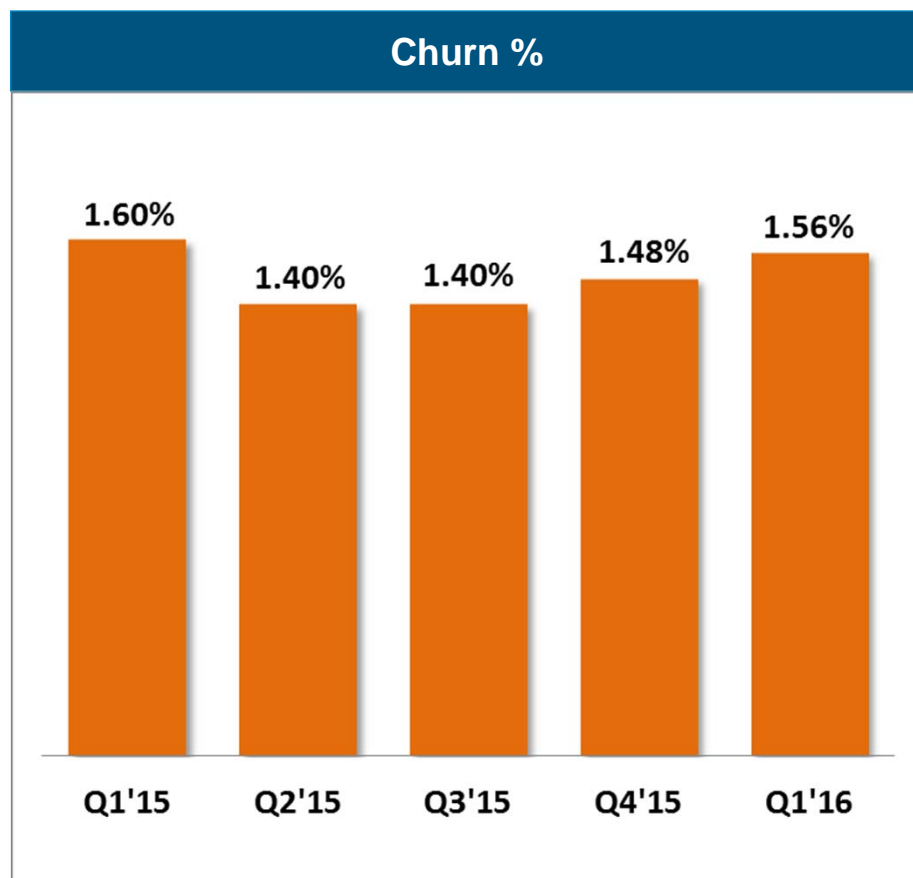


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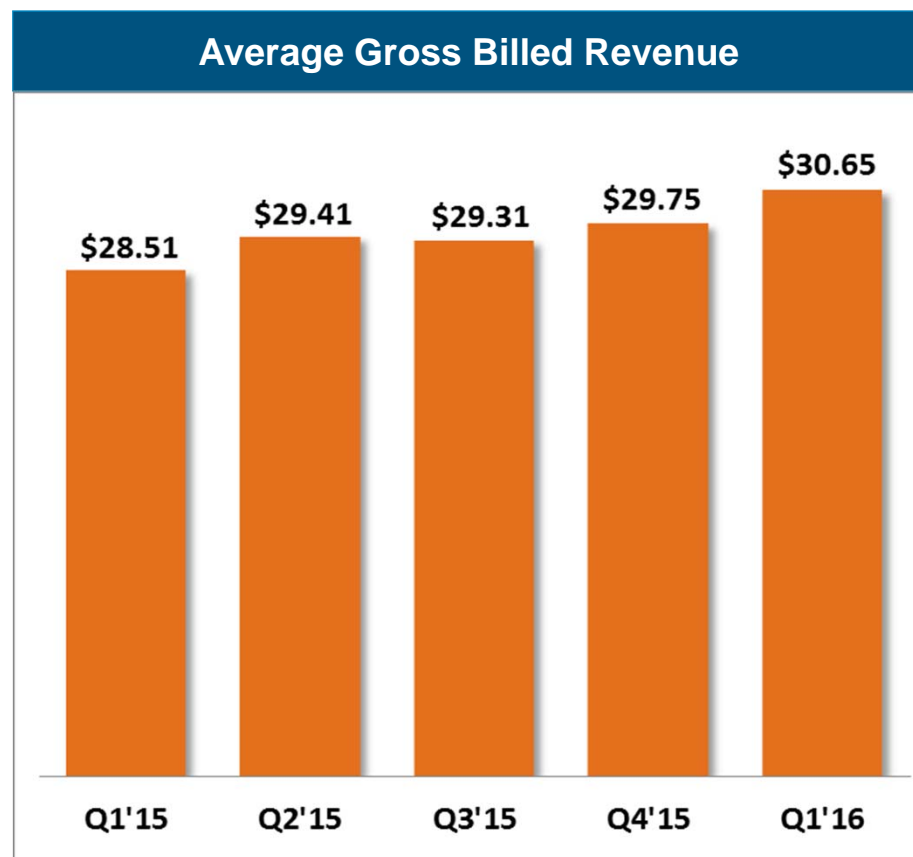
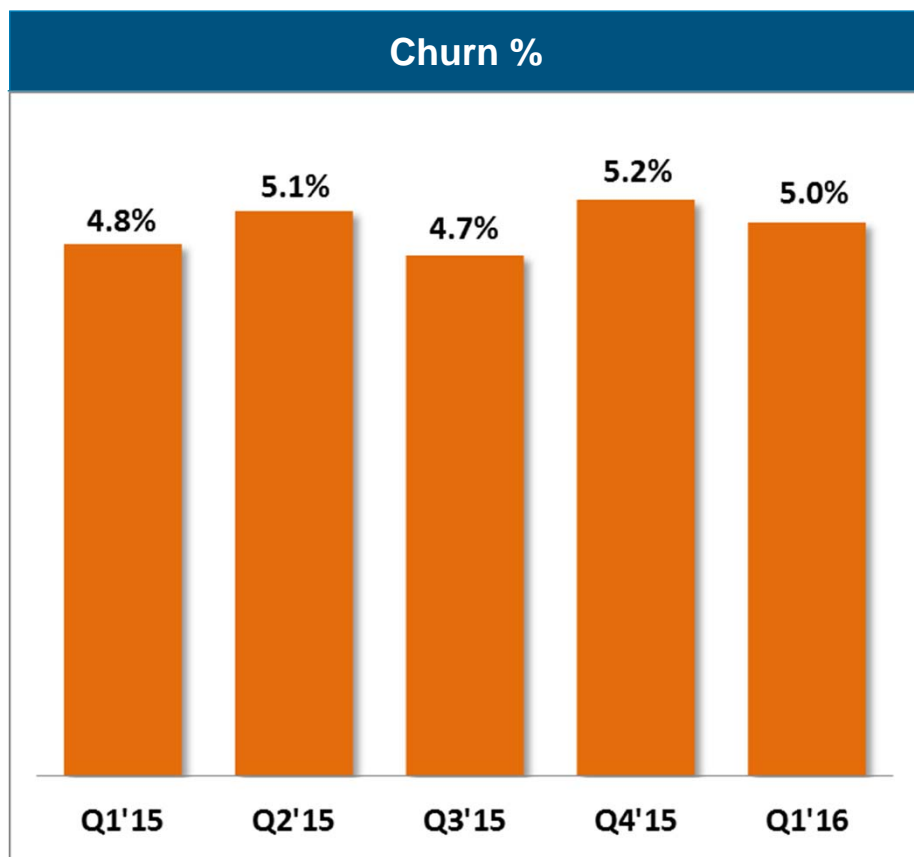




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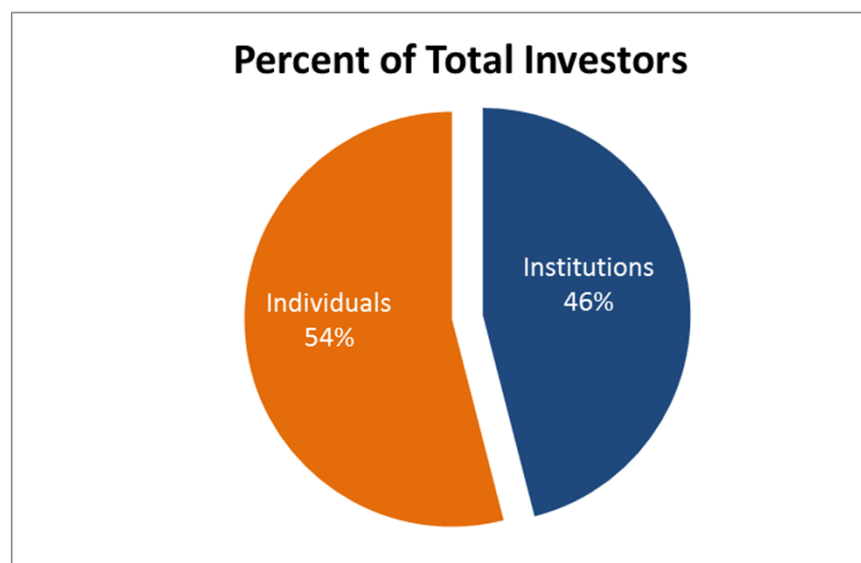
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# **SHENTEL®** Top Ten Institutional Shareholders at 12/31/15

| <u>Holder Name / Fund Name</u>              | <u>Mkt Val</u> | <u>% Shares Outstanding</u> |
|---|----------------|-----------------------------|
| BlackRock Institutional Trust Company, N.A. | \$71,910,717   | 6.88%                       |
| Dimensional Fund Advisors, L.P.             | 58,614,004     | 5.61%                       |
| The Vanguard Group, Inc.                    | 50,572,377     | 4.84%                       |
| Crow Point Partners, LLC                    | 27,773,657     | 2.66%                       |
| Renaissance Technologies Corp.              | 23,424,683     | 2.24%                       |
| State Street Global Advisors (US)           | 17,027,713     | 1.63%                       |
| Northern Trust Investments, N.A.            | 14,442,281     | 1.38%                       |
| Columbia Threadneedle Investments           | 11,540,080     | 1.10%                       |
| Teton Advisors, Inc.                        | 10,618,596     | 1.02%                       |
| Aberdeen Asset Managers, Inc.               | 10,323,420     | 0.99%                       |



| <b>Analyst Firm</b>                   | <b>Contact Name</b> |
|---------------------------------------|---------------------|
| Drexel Hamilton, LLC                  | Barry Sine          |
| Friedman, Billings, Ramsey & Co. Inc. | David Dixon         |
| Raymond James & Associates, Inc.      | Richard Prentiss    |
| Macquarie Capital                     | Amy Yong            |
| BWS Financial                         | Hamed Khorsand      |