



**SHENTEL®**

Always connected to you

**NASDAQ: SHEN**

Shenandoah Telecommunications Company

January 2020

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.



## Nation's 6<sup>th</sup> Largest Wireless Carrier

*Operating as a Sprint affiliate*

*6.3 million covered POPs*

*1.1 million wireless subscribers*



## Leading Regional Cable MSO

*200,000 + homes passed*

*~ 170,000 RGUs*

*FTTH expansion to cover 60,000 homes in 6 new markets*



## Valuable Communication Infrastructure Assets

*~ 6,000 fiber route miles*

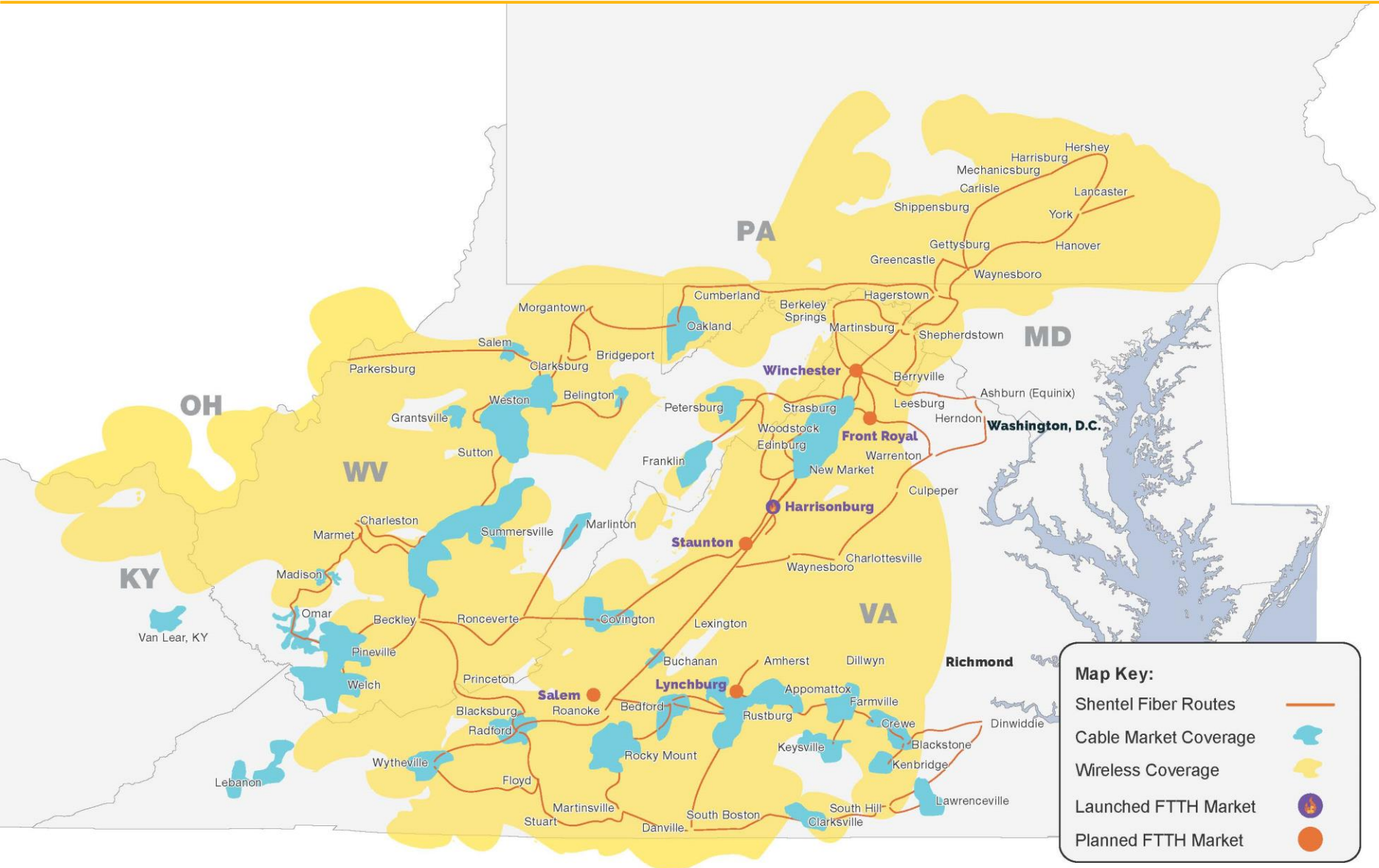
*221 towers*



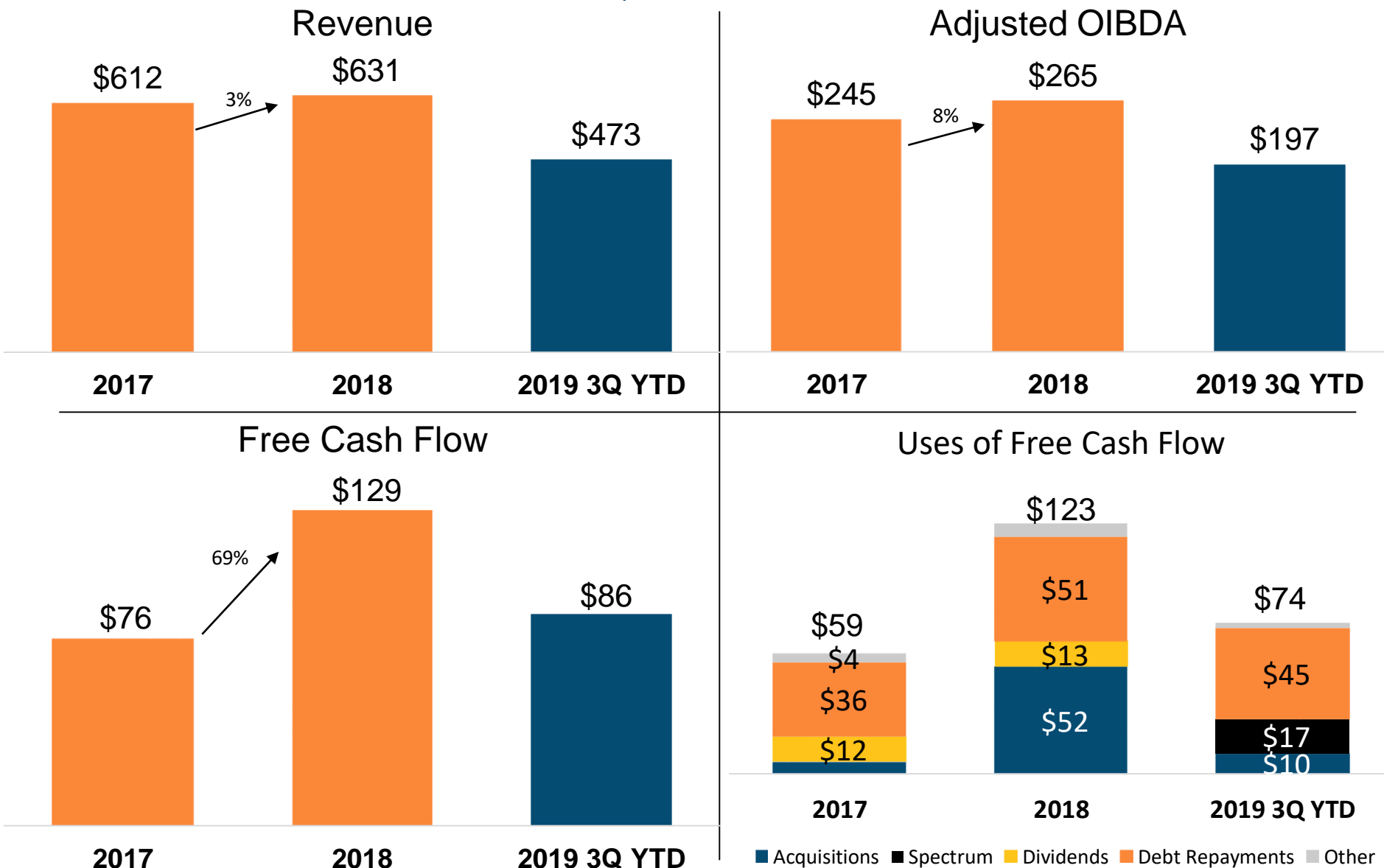
## Strong Free Cash Flow

*Investing in new products, markets and tuck-in acquisitions*

*Returning value to shareholders through \$80 million share repurchase program and growing dividend*



*\$ in millions*





## Nation's 6<sup>th</sup> Largest Carrier

*Shentel's ~2K Cell Sites cover more than 6.3 million people and over 1.1 million wireless customers*



## Significant Investment in Network

*~\$300M in capital deployed  
densifying the network and upgrading to 100%  
LTE over the last three years (\$48 / POP)*



## Track Record of Growth

*Grew postpaid subscribers by 10% since nTelos integration*



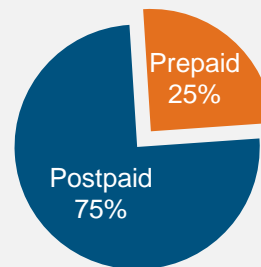
## Differentiated Market Expertise

*Regional knowledge over competitors, allowing for hyper-local marketing tactics*



## Strong Customer Satisfaction

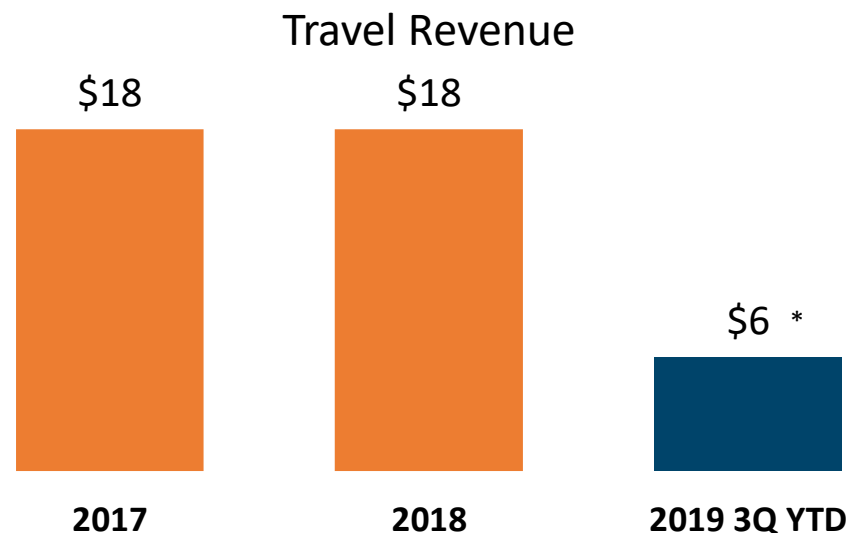
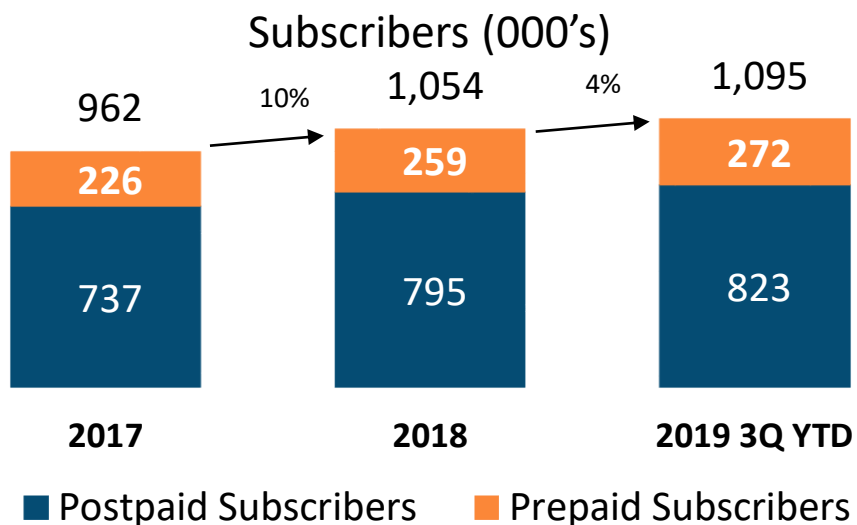
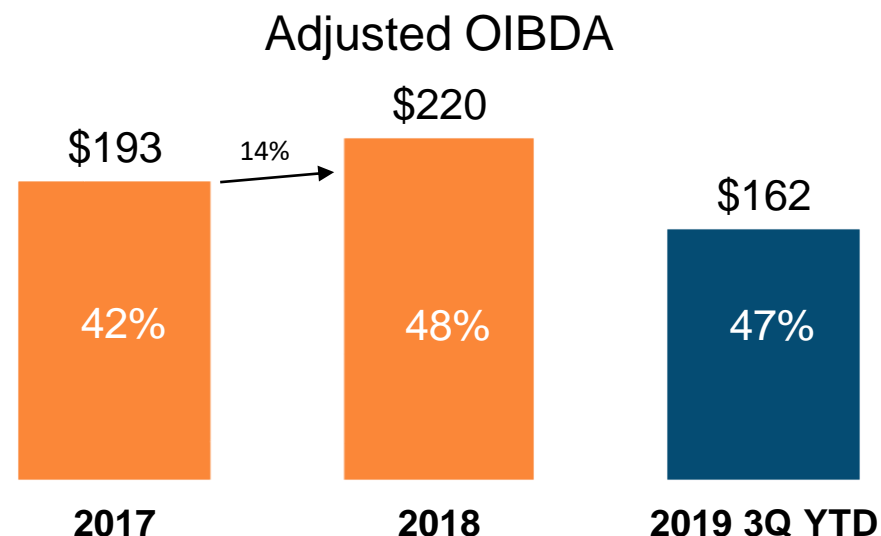
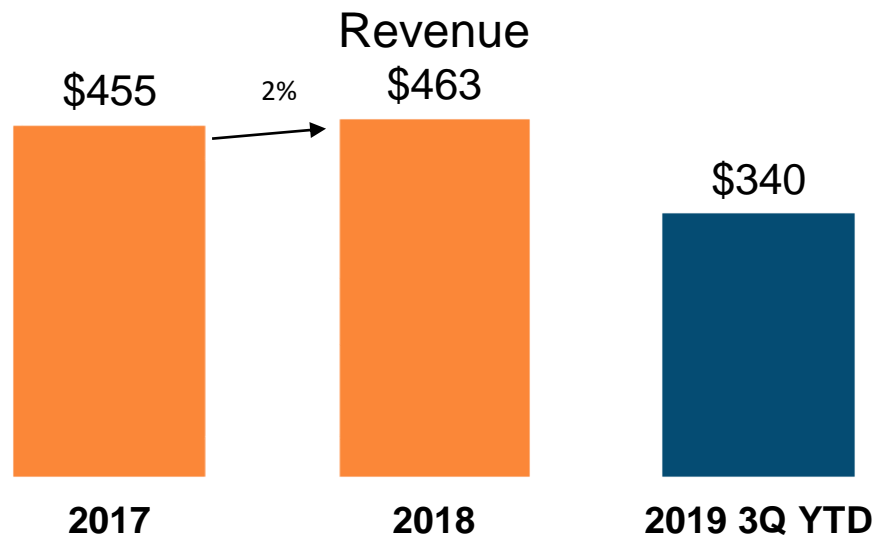
*Net Promoter Scores more than triple Sprint's  
national scores*



## Postpaid Focused Subscriber Base

*Phones are 89% of postpaid subscriber base  
64% prime credit class subscribers*

*\$ in millions*



See Appendix for reconciliation of Adjusted OIBDA to Operating Income

\* In dispute resolution with Sprint.

## Commentary

## Data / Metrics

### Network / Coverage



- **Best-in-region network**
  - Largest LTE coverage footprint in region
  - Track record of network integrations and upgrades
  - Proven success deploying new technologies
- **Building where competitors aren't**
  - Successful coverage expansion / strategy implementation
- **Consistently taking share from competitors**

- ✓ 100% LTE network leveraging Sprint 4G Core
- ✓ RootMetrics Overall Performance Award in West Virginia (2H 2017)
- ✓ Actively deploying Massive MIMO in preparation for 5G trial in 4Q 2019

### Strong Distribution



- **28 corporate stores in key locations**
  - Drives customer satisfaction and strong sales productivity
- **Long-term relationships with distributors**
  - Full-time Shentel support
  - Collaboration on offers and execution
  - Investment in partner engagement
  - Training to support their hires
- **Regional expertise over competitors**
  - Network investments
  - Culture, values, and demographics

- ✓ Preferred partner of choice
- ✓ Enhanced and localized Sprint training program
- ✓ Upgrading / investing in dealers' stores
- ✓ Shentel is local in the communities it covers
- ✓ Hyper-local marketing tactics

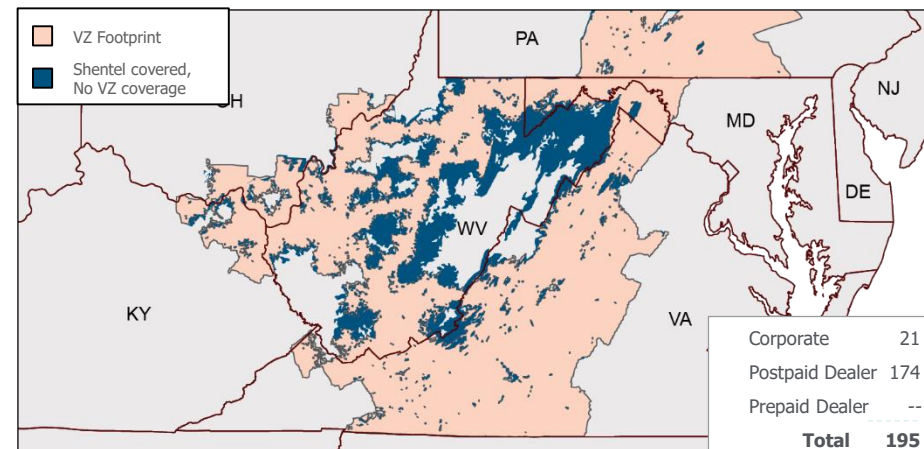
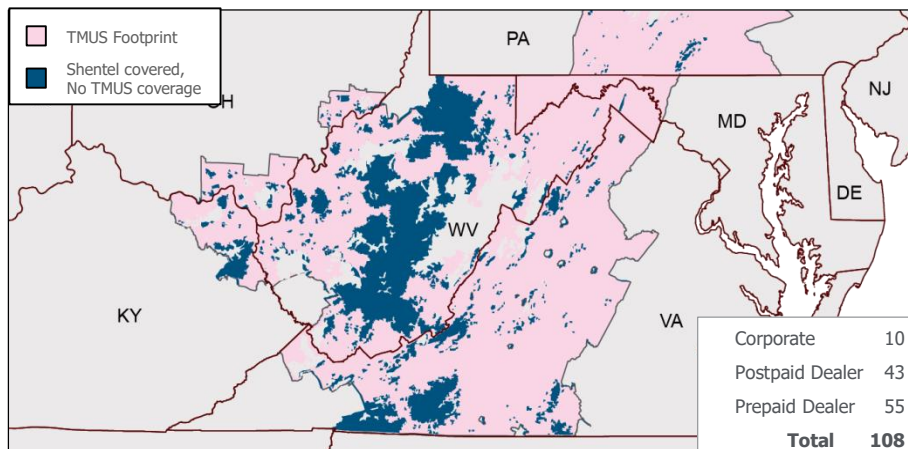
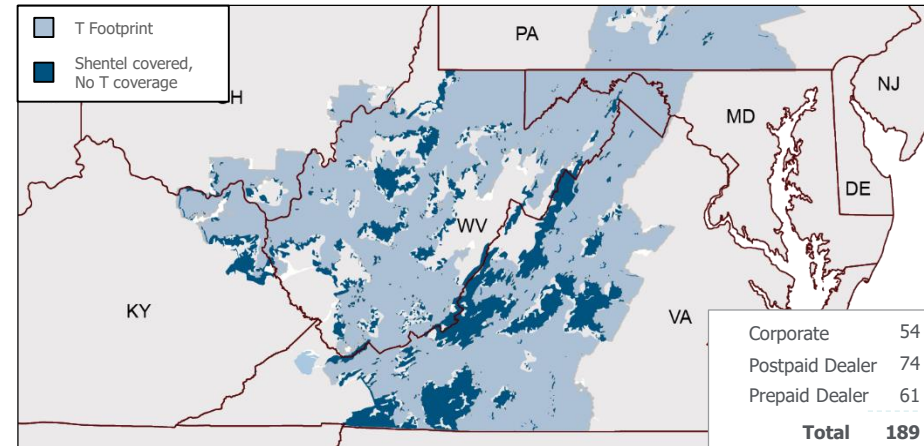
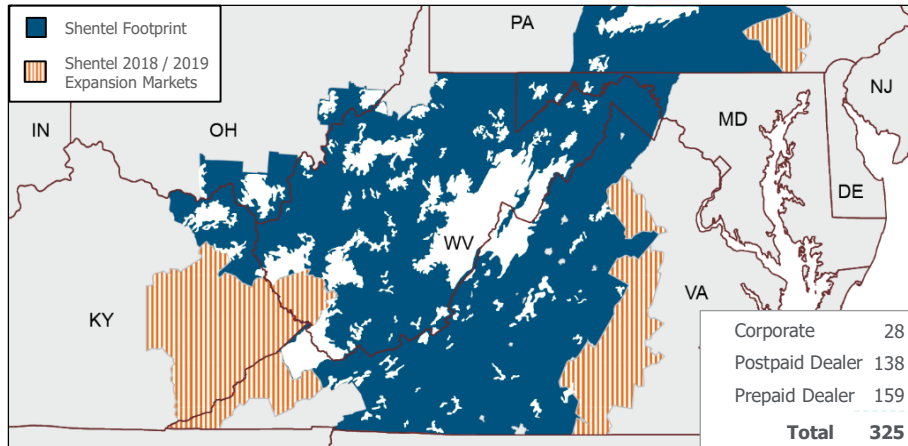
### Customer Service



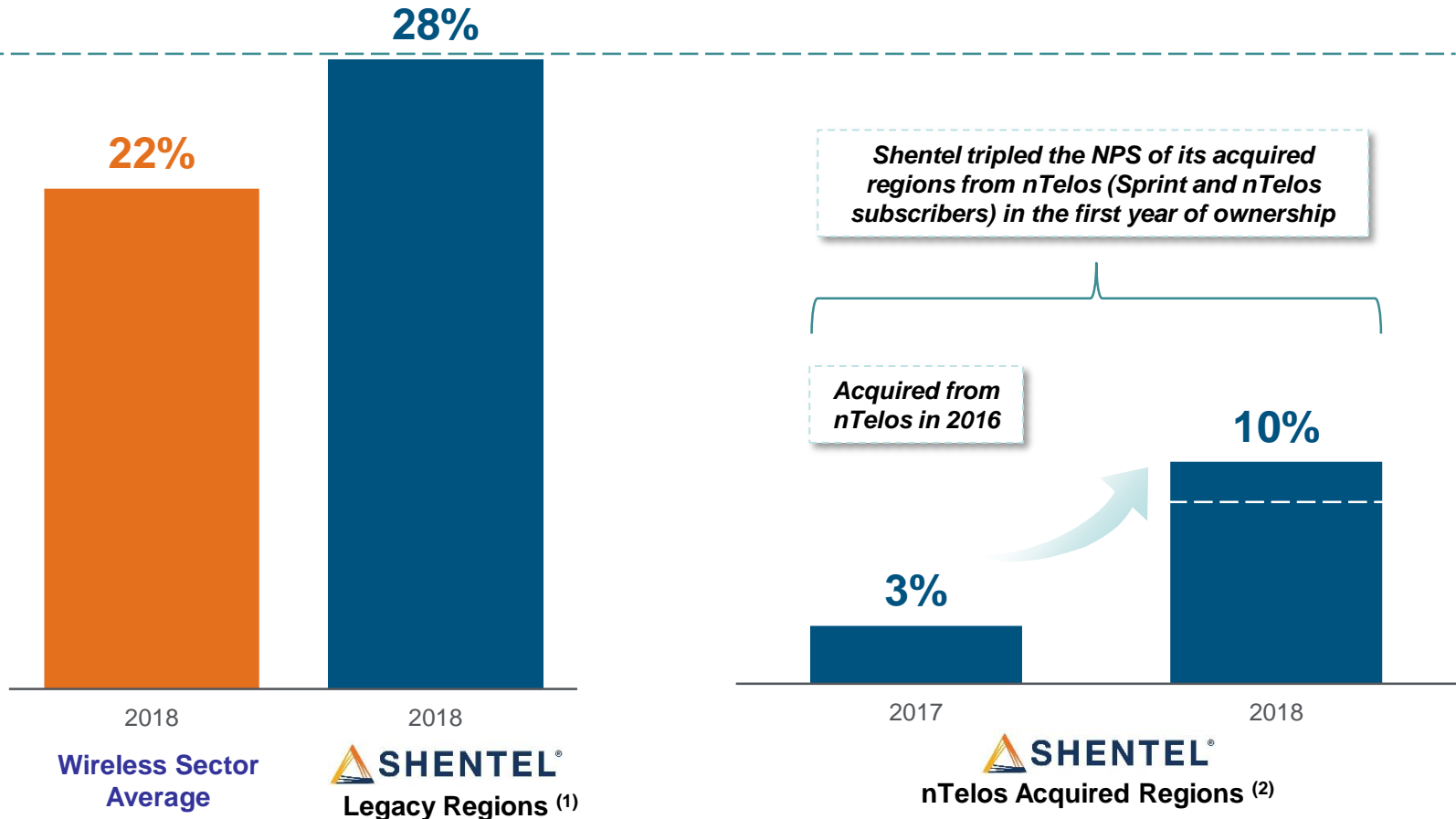
- **Augmented customer care network**
  - Optimized / enhanced Sprint training program
- **Local call centers for residential customers**
- **Specialized local business group**
  - Dedicated to supporting business customers
- **Continue to invest in corporate stores**

- ✓ Recently achieved NPS as high as 35% in longest managed region
- ✓ Strengthening NPS across all territories (acquired nTelos and Sprint expansion regions)
- ✓ Not afraid to innovate and improve in-store experience





## Net Promoter Scores by Region



Data source: Lepson Research, Temkin Group. (1) Average of Quad States and Central Pennsylvania regions, having commenced services in 1995 and 2007, respectively. (2) Average of recently acquired West and South regions.

## Sprint Charges / Provides

### Postpaid & Prepaid Management Fee

- Spectrum
- Brand (Boost, Sprint and Virgin)
- Exclusivity
- Access to Sprint vendors
- National Advertising

*Sprint Receives:  
8.0% of Postpaid &  
6.0% of Prepaid Net  
Billings*

### Postpaid Net Service Fee

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

*Sprint Receives:  
another 8.6% of  
Postpaid Net  
Billings*

### Postpaid Discounts & Writeoffs

### Postpaid Sales Commissions

- National Retailers
- Local Dealers
- Web
- Sprint Call Centers
- Sprint Business Sales Team

*Pass-through  
Expenses*

### Prepaid Handset Subsidy, CPGA, and CCPU

### LTE Core Network

*One-time fee per  
LTE Device*

## Shentel Earns / Provides

### Roaming & MVNO

- Other carriers use Shentel network

*Usage based on  
Sprint rates*

### Travel Settlement

- Sprint customers using Shentel network
- Shentel customers using Sprint network
- Resets every 3 years
- Currently in dispute

*Prior fee Sprint  
paid Shentel:  
\$1.5M/month*

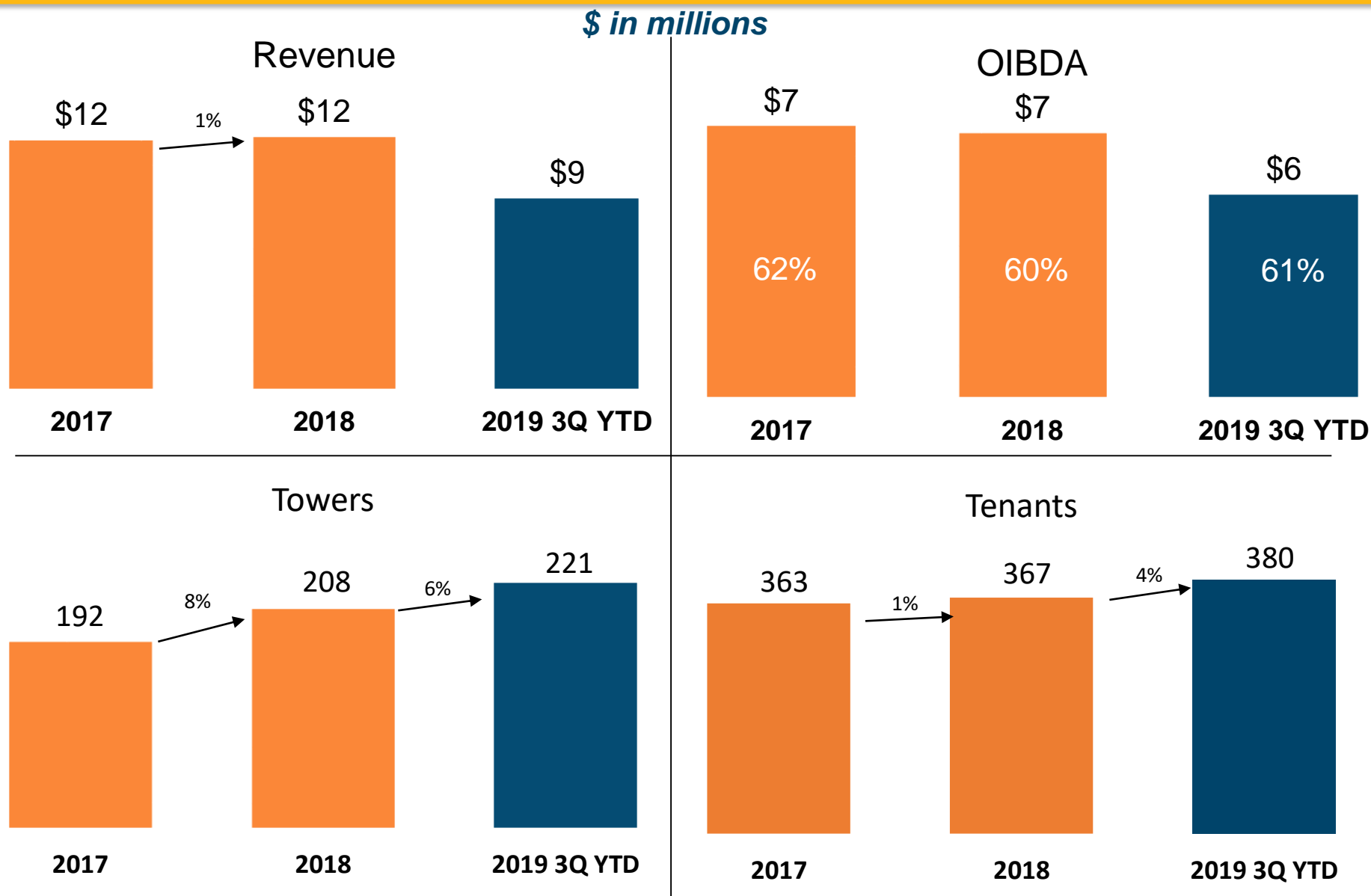
### nTelos Spectrum Receivable

- Sprint waives management fee until paid

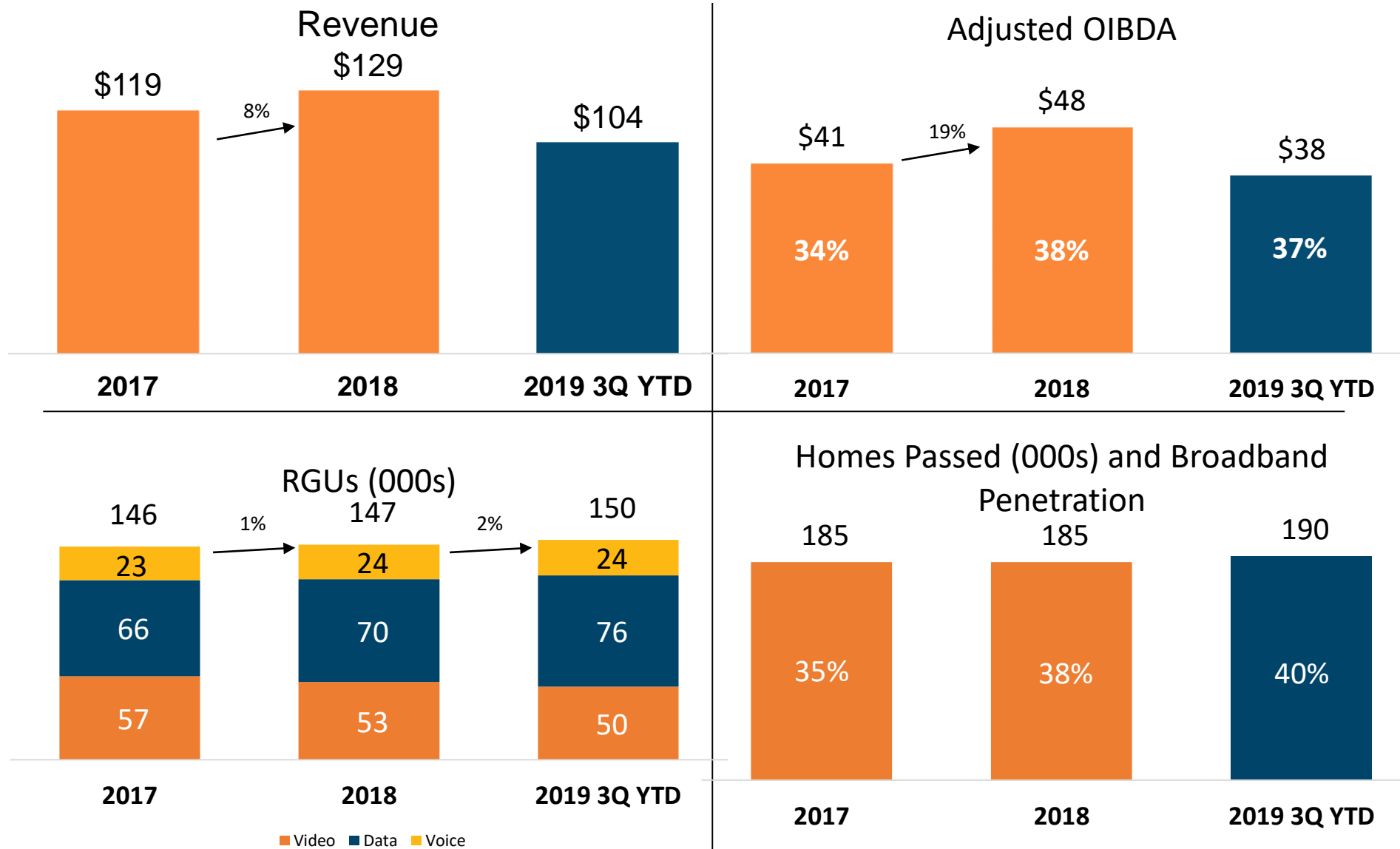
*\$128M*

# SHENTEL® Contract Term and Sprint Merger Options

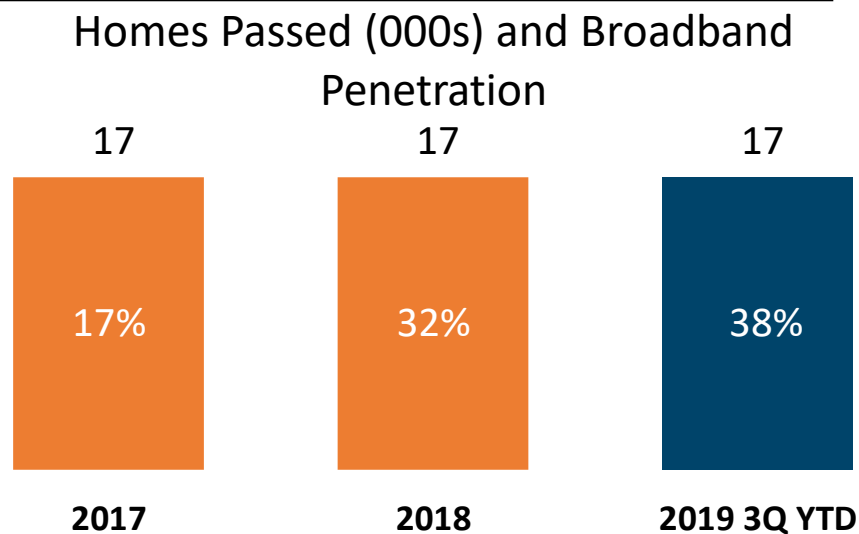
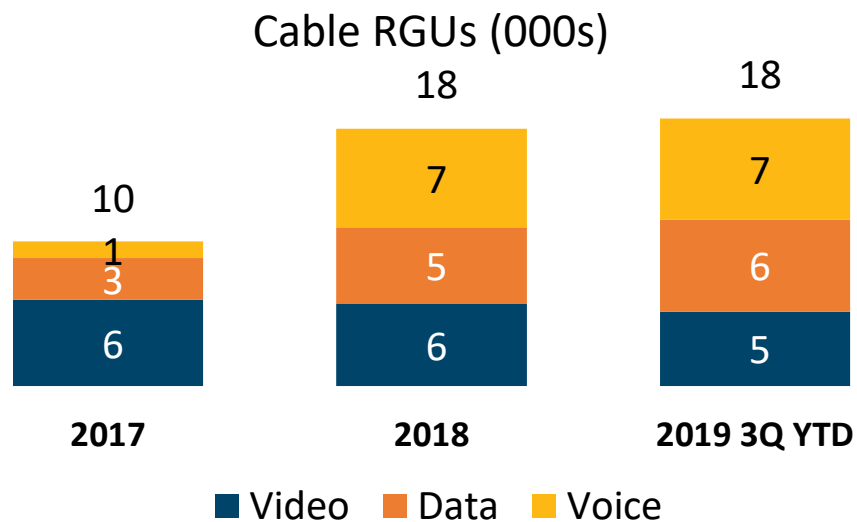
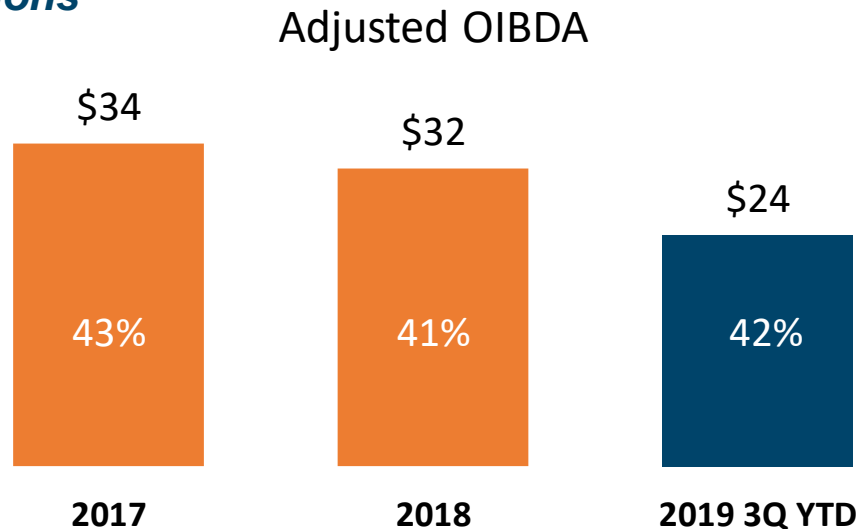
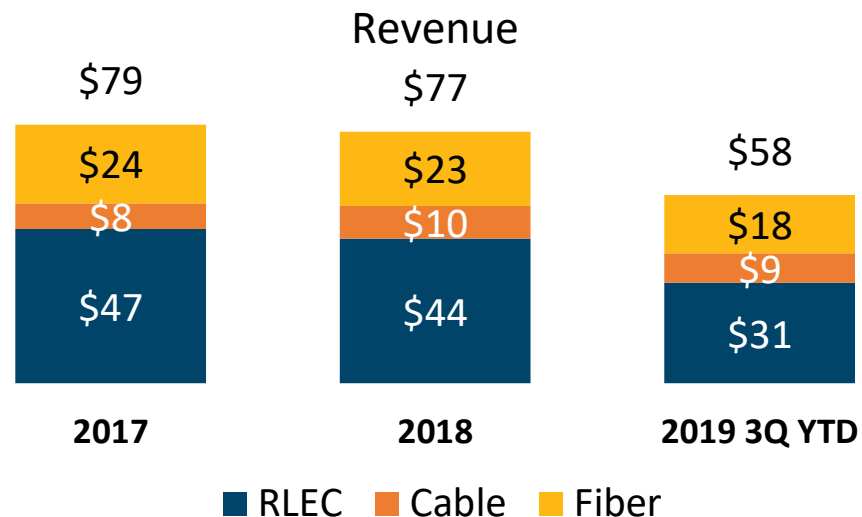
- Contract through November 2029
- Two 10-year renewals
  - Upon non-renewal by either party, parties have put/call options for Sprint to acquire the operating assets of our PCS business for 90% of EBV (entire business value)
- Contract options if Sprint / T-Mobile merger is closed
  - New T-Mobile may elect an option to purchase the operating assets of our PCS business for 90% of EBV (entire business value)
  - If T-Mobile declines purchase option, Shentel may elect an option to purchase the legacy T-Mobile network and subscribers in our service area and incorporate them into our amended affiliate agreement
  - New T-Mobile may sell or decommission the legacy T-Mobile network and customers in our service area so Shentel becomes the exclusive provider of the new T-Mobile in our service area



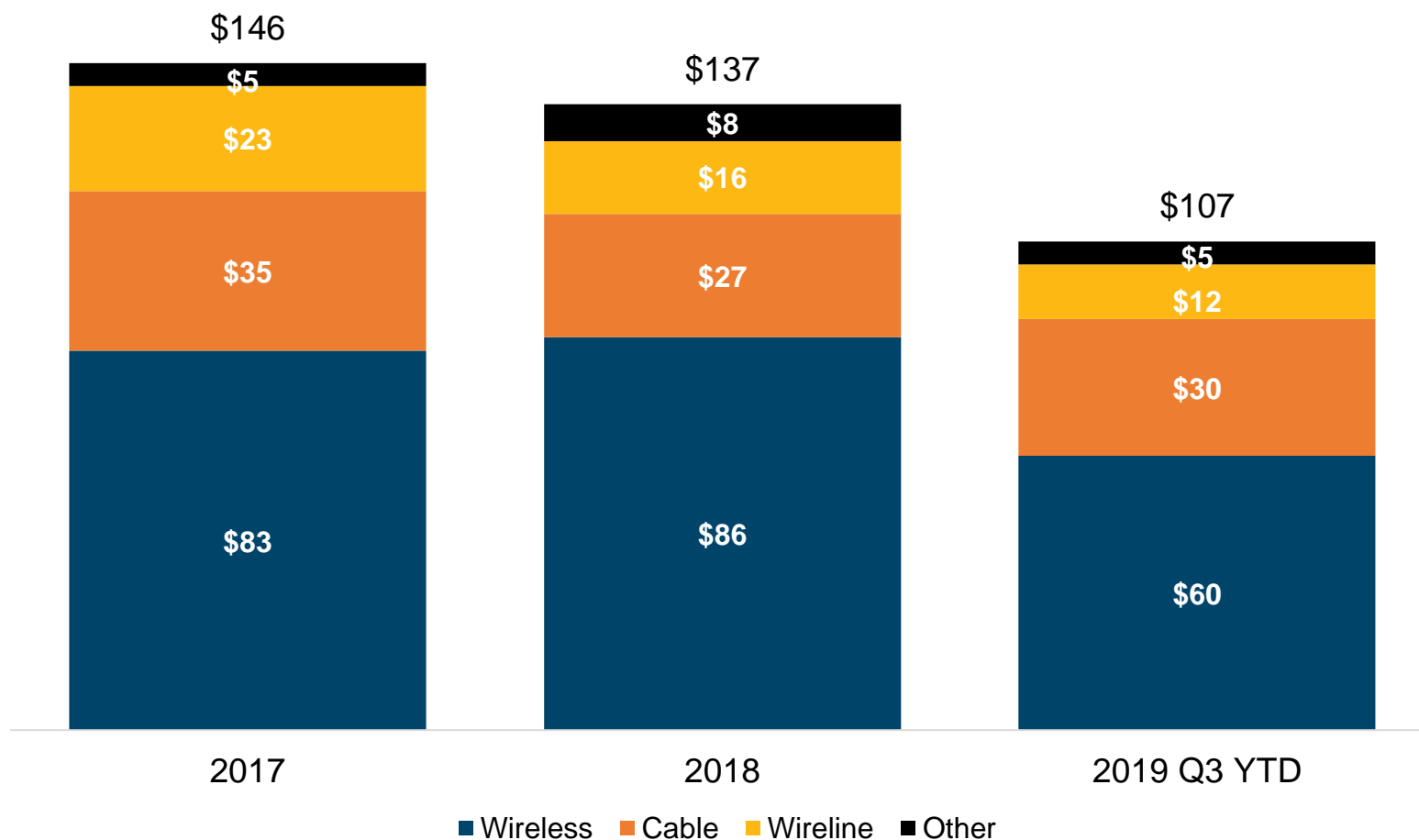
*\$ in millions*



*\$ in millions*



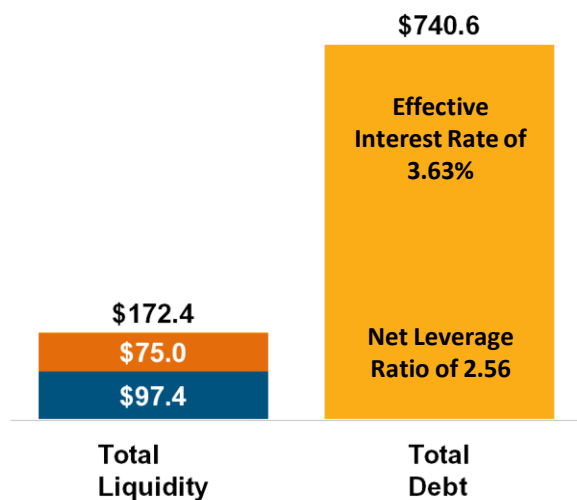
## Capex Spending (in millions)



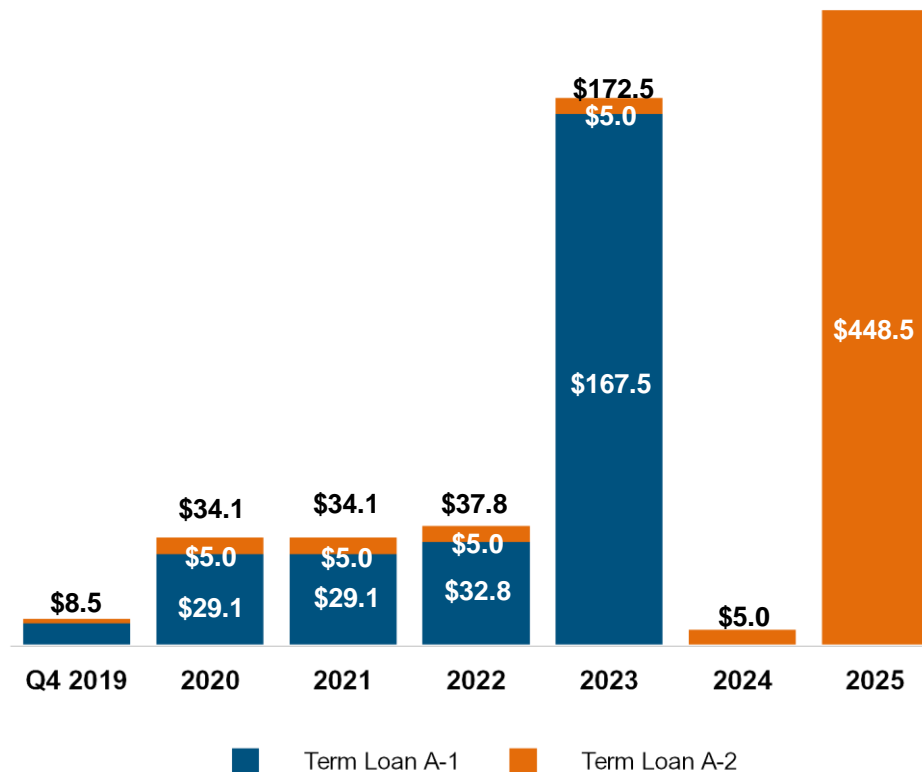


## Total Liquidity & Debt (in millions)

- Cash & Cash Equivalents
- Available Revolving Line of Credit
- Total Debt



## Debt Maturity (in millions)



- See Appendix for the calculation of the net leverage ratio.

# Q&A

# Appendix

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. Management believes these measures facilitate comparisons of our operating performance from period to period and comparisons of our operating performance to that of our peers and other companies by excluding certain differences. Shentel utilizes these financial performance measures to facilitate internal comparisons of our historical operating performance, which are used by management for business planning purposes, and also facilitates comparisons of our performance relative to that of our competitors. In addition, we believe these measures are widely used by investors and financial analysts as measures of our financial performance over time, and to compare our financial performance with that of other companies in our industry.

**Twelve Months Ended December 31, 2017**
*(in thousands)*

	<b>Wireless</b>	<b>Cable</b>	<b>Wireline</b>	<b>Other</b>	<b>Consolidated</b>
Operating income	\$ 34,139	\$ 15,846	\$ 20,965	\$ (24,440)	\$ 46,510
Depreciation and amortization	139,610	23,968	12,829	600	177,007
OIBDA	173,749	39,814	33,794	(23,840)	223,517
Acquisition, integration, & migration expenses	17,252	-	-	238	17,490
Share-based compensation expense	1,579	916	384	701	3,580
Adjusted OIBDA	\$ 192,580	\$ 40,730	\$ 34,178	\$ (22,901)	\$ 244,587
Total revenue	\$ 455,078	\$ 119,162	\$ 79,253	(41,502)	\$ 611,991
Adjusted OIBDA margin	42.3%	34.2%	43.1%	N/A	40.0%

**Twelve Months Ended December 31, 2018**
*(in thousands)*

	<b>Wireless</b>	<b>Cable</b>	<b>Wireline</b>	<b>Other</b>	<b>Consolidated</b>
Operating income	\$ 92,847	\$ 23,755	\$ 17,865	\$ (41,221)	\$ 93,246
Depreciation and amortization	127,521	24,644	13,673	567	166,405
OIBDA	220,368	48,399	8,166	(40,654)	259,651
Share-based compensation expense	—	—	—	4,959	4,959
Adjusted OIBDA	\$ 220,368	\$ 48,399	\$ 31,538	\$ (35,695)	\$ 264,610
Total operating revenue	\$ 462,655	\$ 128,903	\$ 77,142	(37,846)	\$ 630,854
Adjusted OIBDA margin	47.6%	37.5%	40.9%	N/A	41.9%

**Nine Months Ended September 30, 2019**
*(in thousands)*

	<b>Wireless</b>	<b>Cable</b>	<b>Wireline</b>	<b>Other</b>	<b>Consolidated</b>
Operating income	\$ 71,092	\$ 18,785	\$ 14,367	\$ (30,078)	\$ 74,166
Depreciation and amortization	90,469	19,239	10,057	393	120,158
OIBDA	161,561	38,024	24,424	(29,685)	194,324
Share-based compensation expense	—	—	—	3,158	3,158
Adjusted OIBDA	\$ 161,561	\$ 38,024	\$ 24,424	\$ (26,527)	\$ 197,482
Total external revenue	\$ 340,222	\$ 103,503	\$ 57,580	(28,396)	\$ 472,909
Adjusted OIBDA margin	47.5%	36.7%	42.4%	N/A	41.8%

## Net Leverage Ratio

	<b>Q3'19</b>
<i>(\$ in thousands)</i>	
Total Debt	\$ 740,570
Cash	97,415
Total Debt less Cash	643,155
Adjusted OIBDA	62,836
	x4
Adjusted OIBDA (last quarter annualized)	\$ 251,344
Net leverage ratio	2.56



## Free Cash Flow

(\$ in thousands)	<u>2017</u>	<u>2018</u>	<u>2019 3Q YTD</u>
Net Cash Provided by Operations	\$222,930	\$265,647	\$193,459
Less: Capital Expenditures	<u>(146,489)</u>	<u>(136,641)</u>	<u>(107,038)</u>
Free Cash Flow	<u>\$76,441</u>	<u>\$129,006</u>	<u>\$86,421</u>

Free cash flow is a non-GAAP financial measure that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities. We believe it is a more conservative measure of our cash flow since purchases of fixed assets are necessary for ongoing operations and expansion. Free Cash Flow is utilized by our management, investors and analysts to evaluate cash available that may be used to pay scheduled principal payments on our debt obligations and provide further investment in the business.

	2017	2018	Q3 2019
Cable			
RGUs former methodology	133,086	135,145	138,524
Bulk adjustment	12,586	11,934	11,667
Cable RGUs revised methodology	145,672	147,079	150,191
Wireline			
RGUs former methodology	37,617	38,337	37,634
Less: RLEC	(28,339)	(23,748)	(22,706)
Bulk adjustment	531	2,921	3,265
Cable RGUs revised methodology	9,809	17,510	18,193

As of September 30, 2019, the Company revised its methodology for counting RGUs associated with hotels, multiple dwelling units ("MDUs") and certain commercial customers. We now count each dwelling or unit of service as a separate RGU. Prior year information has been recast to reflect our revised methodology. Previously, we counted a "bulk RGU equivalent" based on the programming carriage industry standard.