



SHENTEL®

Always connected to you

NASDAQ: SHEN

Shenandoah Telecommunications Company

December 2020

Safe Harbor Statement

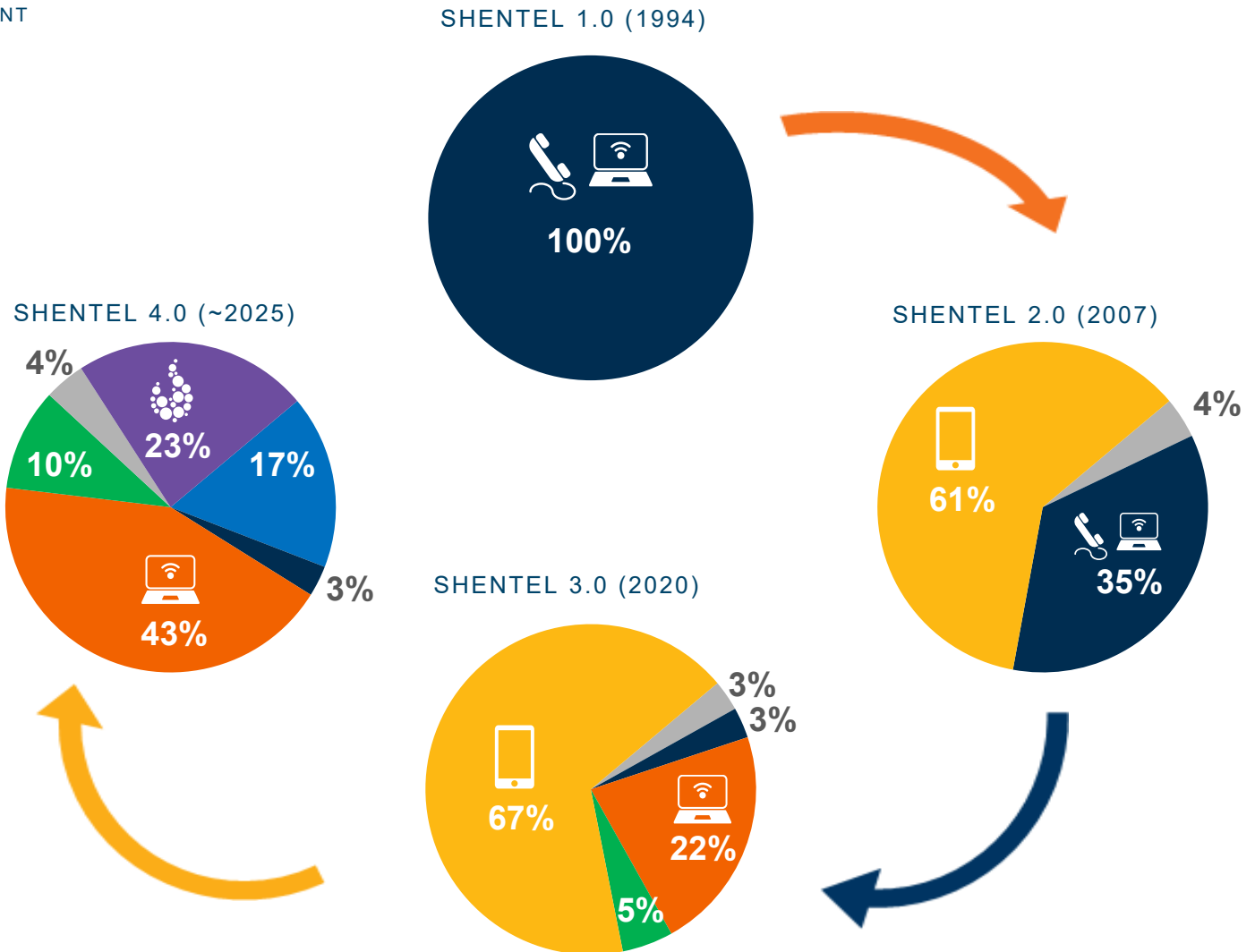
This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, regarding our business strategy, our prospects and our financial position. These statements can be identified by the use 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
- ❑ Business combination between T-Mobile and Sprint could cause significant volatility in the value of our stock and adversely affect the operating and financial results of our Wireless segment; and
- ❑ Certain provisions of our Sprint affiliate agreement may diminish the value of our PCS business; and
- ❑ Changes in other factors, including public health crises, such as pandemics and outbreaks of a contagious disease like the novel coronavirus, either nationally or in the local markets in which we operate.

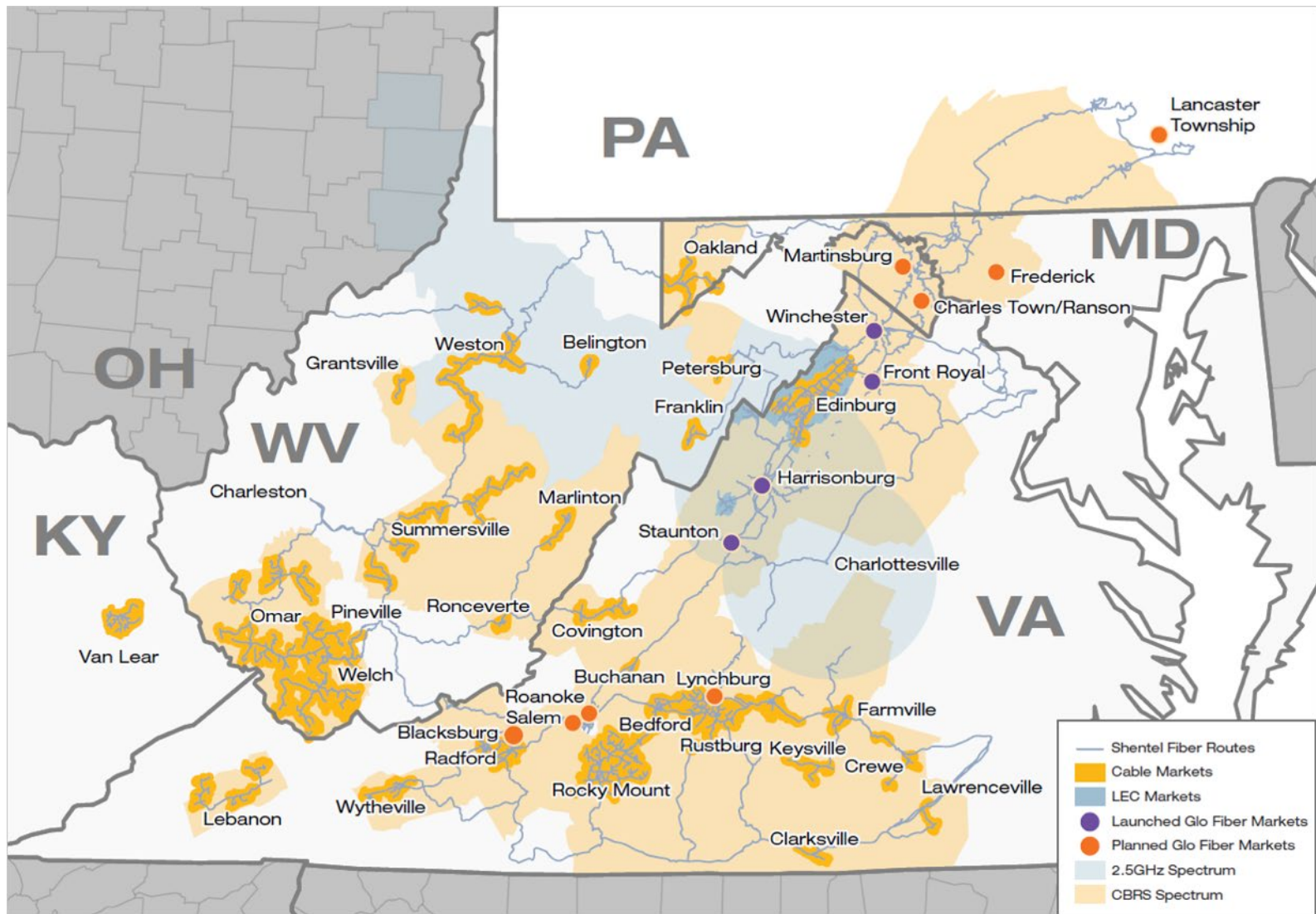
A further list and description of these risks, uncertainties and other factors can be found in the Company’s SEC filings which are available online at www.sec.gov, www.shentel.com or on request from the Company. The Company does not undertake to update any forward-looking statements as a result of new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

REVENUE BY SERVICE OFFERING







- DUAL CABLE/TELCO INCUMBENT
- INCUMBENT CABLE
- COMMERCIAL FIBER
- TOWERS
- FTTH (GLO FIBER)
- FIXED WIRELESS (BEAM)
- WIRELESS






2020 represents estimated full year revenues.



TARGET MARKET DYNAMIC

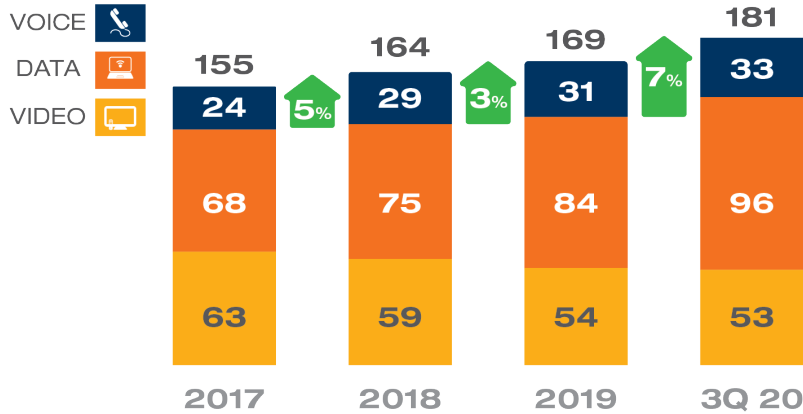
			
POSITION 	Incumbent	Greenfield fiber overbuilder	Greenfield fixed wireless broadband overbuilder
MARKET TYPE 	Various, but mostly rural	Higher density tier III / IV markets	Low density rural
COMPETITION 	>95% low-speed Telco DSL or no competition	Incumbent cable operator and low-speed DSL telco operator; no fiber competition	1 or fewer competitors offering 25Mbps speeds

SHENTEL OFFERING AND KPIs

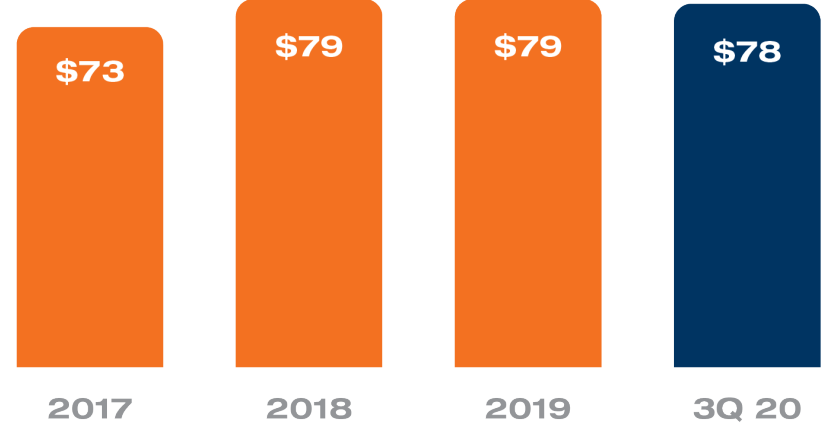
PRIMARY NETWORK TECHNOLOGY 	DOCSIS 3.1 HFC network	XGS-PON FTTH network	Fixed wireless network with a 5G-ready core using 2.5 & 3.5GHz licensed spectrum and massive MIMO technology
HISTORICAL OPERATING PRESENCE AND EXPERIENCE	Incumbent cable operator and wireless provider	Wireless provider and commercial fiber provider	Wireless provider and adjacent to many incumbent cable markets
COST PER PASSING 	\$1,500 - \$2,500*	\$700 - \$1,200	\$300 - \$400
TERMINAL PENETRATION 	55%	36%	31%

*Incumbent cable only

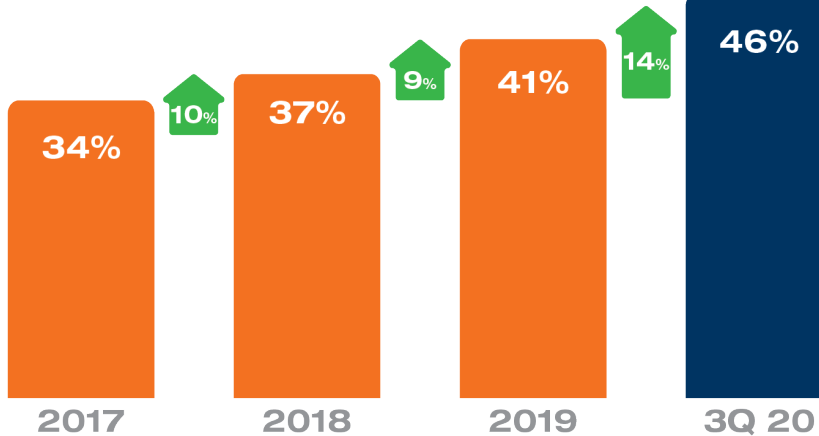
REVENUE GENERATING UNITS (RGUS IN THOUSANDS)



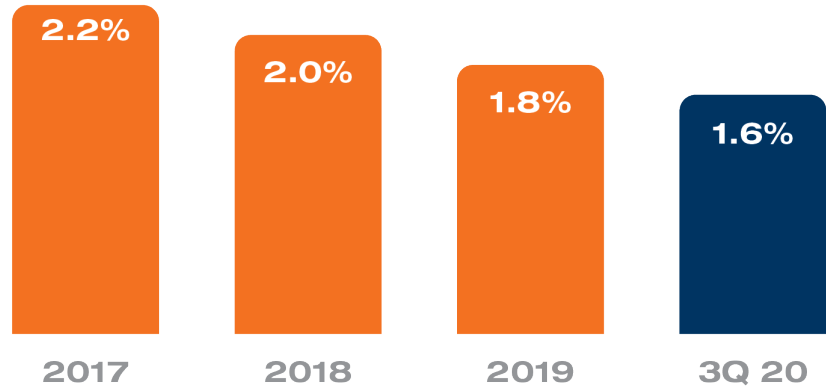
DATA AVG REVENUE PER USER (ARPU)



DATA PENETRATION



DATA CHURN



Recent investments and key initiatives...

NETWORK INVESTMENTS

\$80m invested in cable network upgrade since 2017

99% gigabit availability across **207K** passings

CUSTOMER FRIENDLY OFFER EVOLUTION

68% Launched new PowerHouse rate card, with **68%** adoption

- Increased data allowance and introduced unlimited plans
- Improved price to value ratio

OPERATIONS AND CUSTOMER SERVICE CHANGES

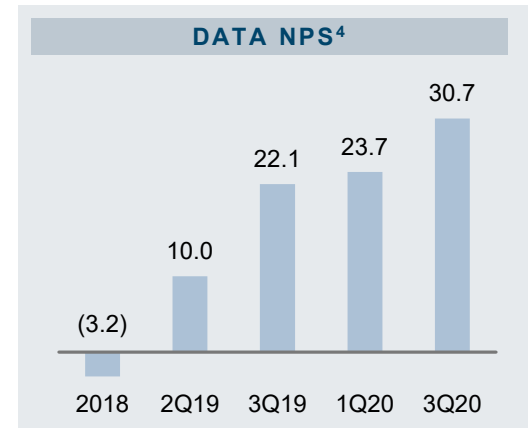
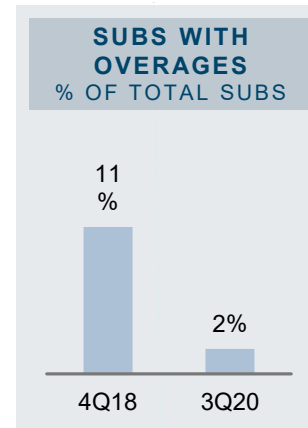
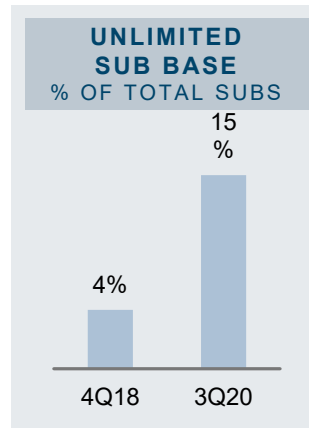
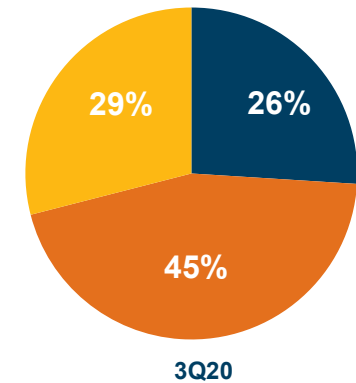
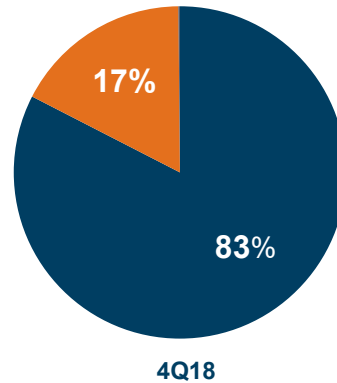
- Increased customer care and field operations headcount

5% Abandon rate dropped from 10% to **5%**

- Days outstanding for installs and repairs have decreased by **26%** and **36%** since 2018

... have significantly improved customer experience while re-accelerating data subscriber trends












■ <25 Mbps
 ■ 25 – 150 Mbps
 ■ >150 Mbps



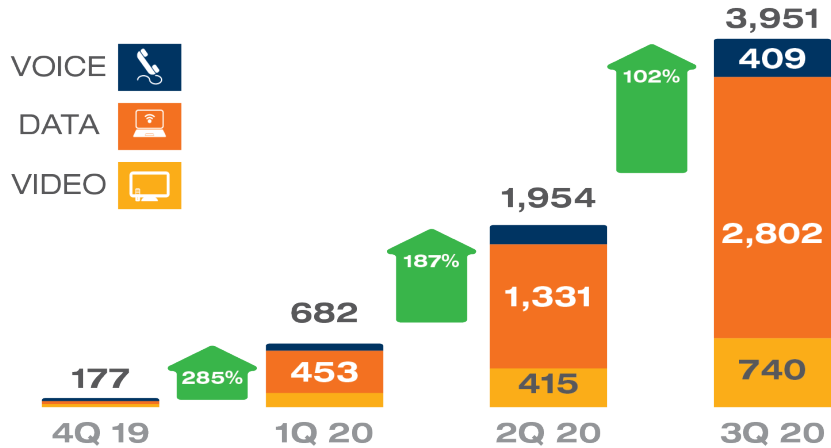
Notes

- 1 Excludes discounts and other revenue proportionately to each segment
- 2 Incumbent cable churn only (excludes Glo Fiber)

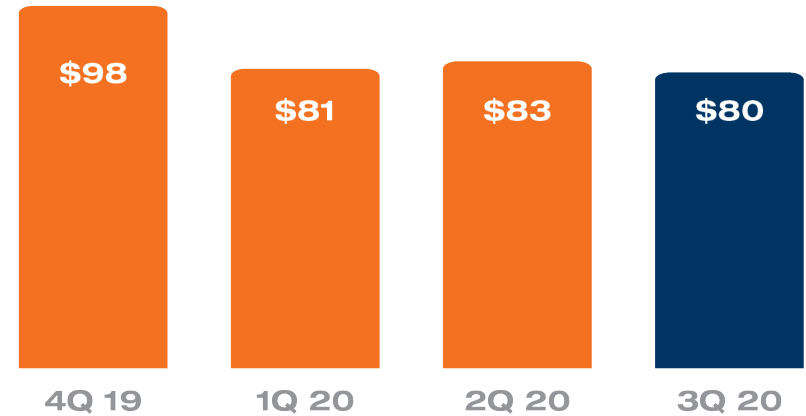
- 3 Average subscribed download speeds
- 4 Based on data Incumbent Cable segment

	INCUMBENT CABLE FOOTPRINT					DUAL-INCUMBENT FOOTPRINT
					Other	None
% OF INCUMBENT HOMES PASSED 	33%	33%	17%	4%	4%	8%
COMPETING TECHNOLOGY 	DSL	DSL	DSL	FTTH	DSL	N/A
VOICE 	✓	✓	✓	✓	✓	N/A
DATA 	✓	✓	✓	✓	✓	N/A
VIDEO 	✗	✗	✗	✓	✗	N/A
COMPETITOR MAX MARKETED DATA SPEED 	24 Mbps	15 Mbps	40 Mbps	1 Gbps	1–12 Mbps on average	N/A
AVAILABILITY OF SHENTEL 1 GBPS OFFERING 	✓	✓	✓	✓	✓	✓

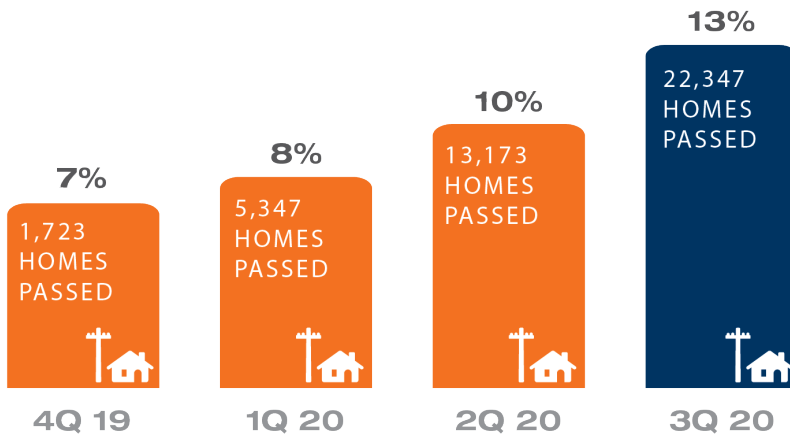
REVENUE GENERATING UNITS (RGU)



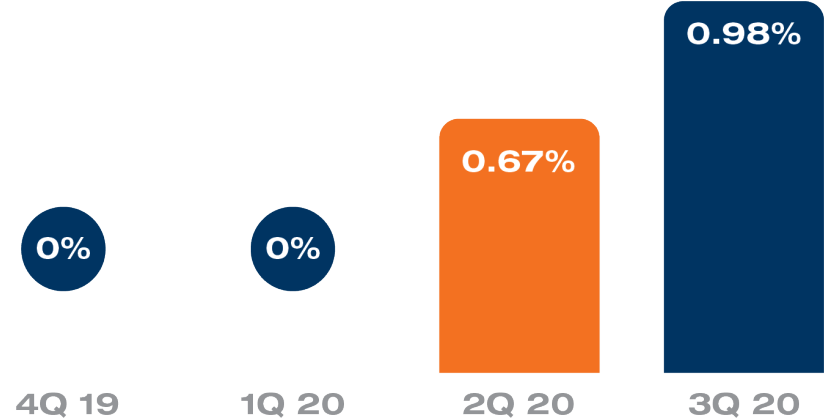
DATA AVERAGE REVENUE PER USER (ARPU)




DATA PENETRATION



DATA CHURN



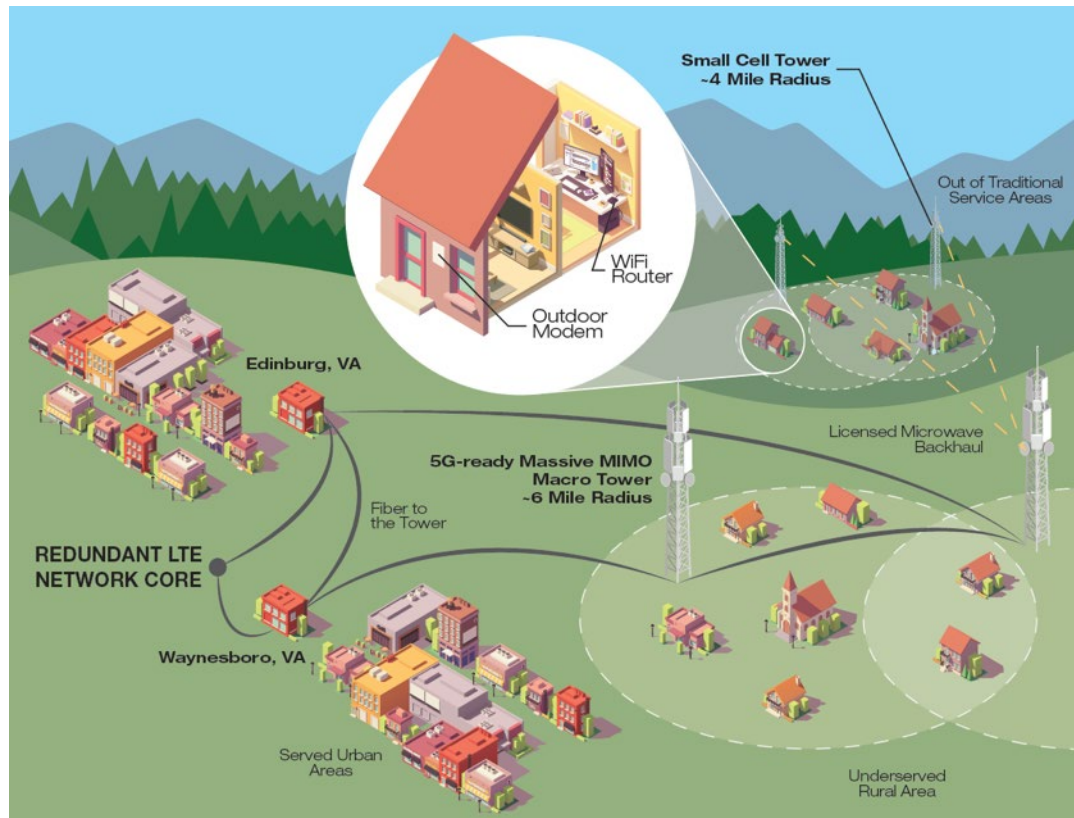
	Passings Released to Sales	Target Passings*	Launch Date	Penetration as of 9/30/2020
Harrisonburg VA	9,202	10,908	October 2019	16.4%
Staunton VA	6,794	9,895	February 2020	10.9%
Front Royal VA	3,546	4,933	March 2020	9.5%
Winchester VA	2,805	9,801	March 2020	7.0%
Salem VA		8,044	1Q21	
Lynchburg VA		16,039	1H21	
Roanoke VA		28,207	1H21	
Frederick MD		12,486	2H21	
Charles Town - Ranson WV		2,828	2H21	
Martinsburg WV		5,836	2H21	
Blacksburg VA		3,114	2H21	
Lancaster Township PA		4,593	2H21	
Total	22,347	116,684		12.5%

*Target passings defined as Single Family Households (SFU), residential Multiple Dwelling Units (MDU) where we have gained right of entry and single tenant commercial buildings that conform to our target cost per pass criteria.

HIGHLIGHTS




- **Exclusively licensed mid-band spectrum**
 - Deep 2.5/3.5 GHz spectrum holdings: between 30-90MHz per market
- **Existing relationships**
 - with tower owners and backhaul providers due to in-house wireless expertise
- **Outdoor customer premise equipment**
 - Eliminates building penetration loss
 - Ensures optimal network performance and capacity
- **Cutting-edge 5G-ready network**
 - Standards-based network architecture
 - Redundant LTE Network Core
 - Advanced massive MIMO antenna technology for efficient cell coverage
 - Peak throughput of 2Gbps per site today with increases to 3.5Gbps per site expected over time
 - Tier 1 equipment vendors
- **Robust indoor WiFi solution at customer premise**
 - maximizes customer satisfaction
 - minimizes installation time

ILLUSTRATIVE DEPLOYMENT







PASSINGS AND CAPEX METRICS

PASSINGS 	117,000	425,000
BUILD CAPEX (\$ / PASSING) 	\$950 per passing	\$350 per passing
CONNECT CAPEX (\$ / SUB)	\$600 - \$700 per subscriber	\$400 - \$500 per subscriber
TERMINAL PENETRATION 	36%	31%

KEY KPI PER CUSTOMER

CUSTOMER ARPA 	\$125	\$80
OIBDA CONTRIBUTION MARGIN	~60%	~67%
CUSTOMER CHURN 	~1.7%	~1.7%
CPGA 	~\$250	~\$80

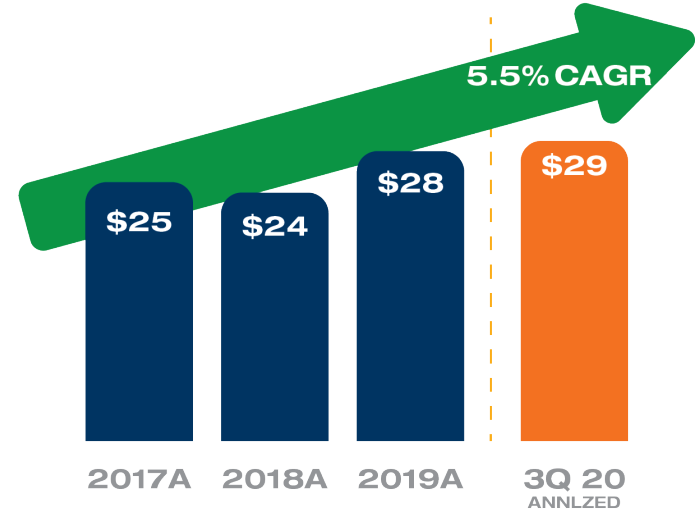
RETURN METRICS

UNLEVERED RETURN 	~20%	~30%
CUSTOMER NPV 	~\$1,440	~\$1,900

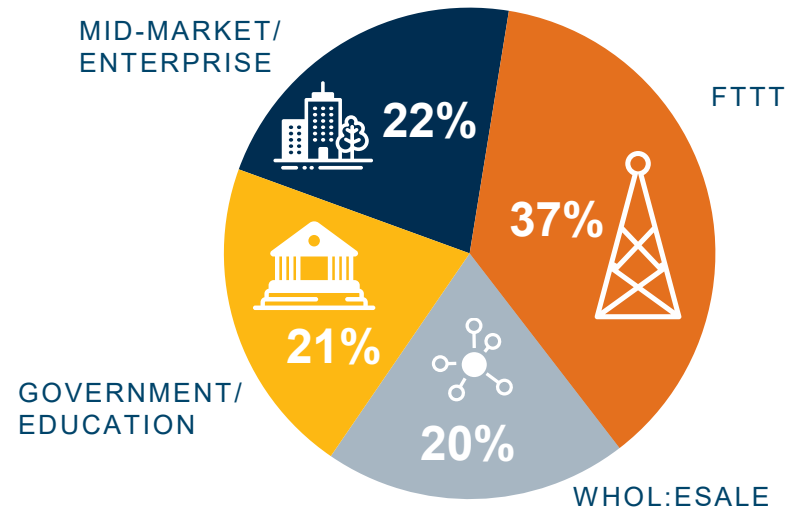
PRODUCT OVERVIEW (% OF COMMERCIAL FIBER REVENUE)

DATA	84%	<ul style="list-style-type: none"> Ethernet DIA Wave Dark Fiber
VOICE	10%	<ul style="list-style-type: none"> SIP VoIP Switched LD
OTHER	6%	<ul style="list-style-type: none"> Managed Services Bulk-Video Other

ANNUAL REVENUE (\$m)

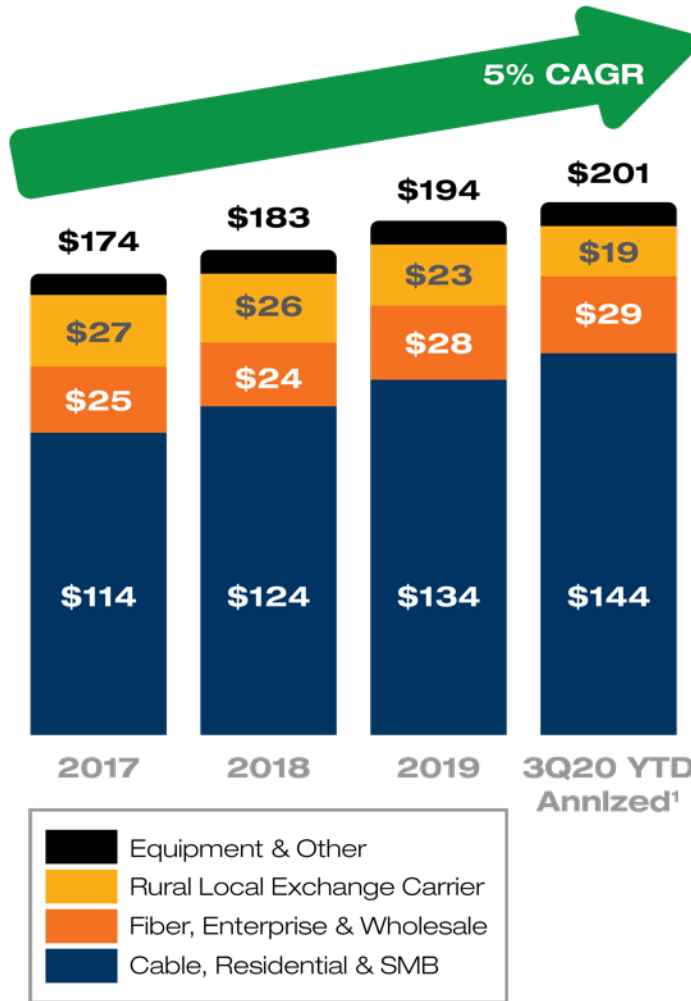


MRR BY CUSTOMER TYPE

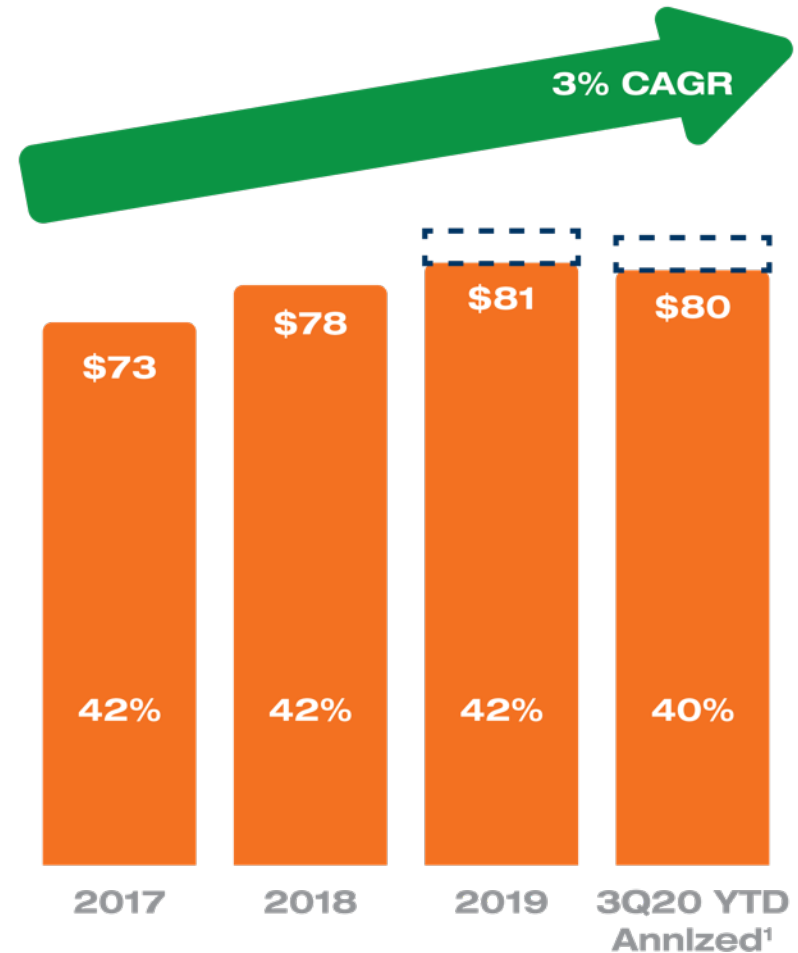


IN MILLIONS

REVENUE



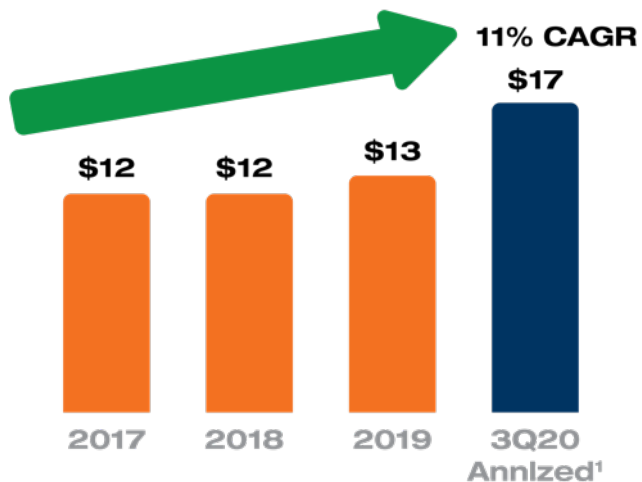
ADJUSTED OIBIDA & MARGIN %



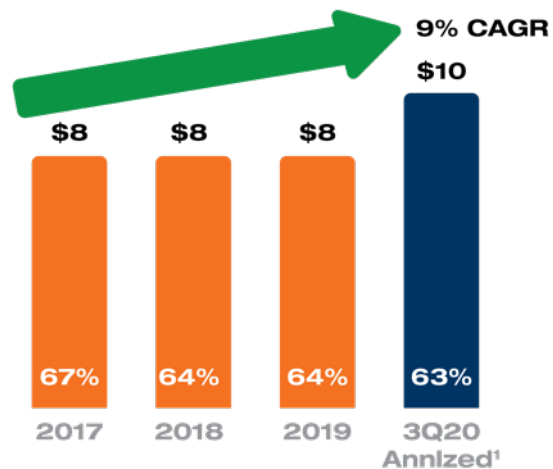
¹3Q20 YTD Annualized. See Appendix for reconciliation of Adjusted OIBIDA to Operating Income.

²Results for 2019 and the annualized YTD 3Q20 period include \$3M and \$5M of net operating expenses, respectively, to support our new service offerings, Glo & Beam.

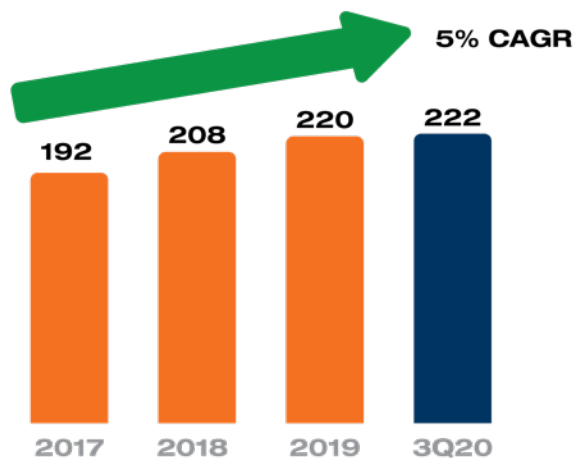
REVENUE



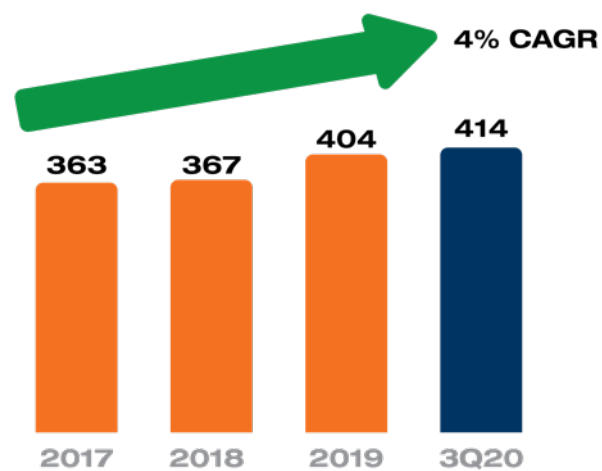
ADJUSTED OIBDA & MARGIN %



MACRO TOWERS



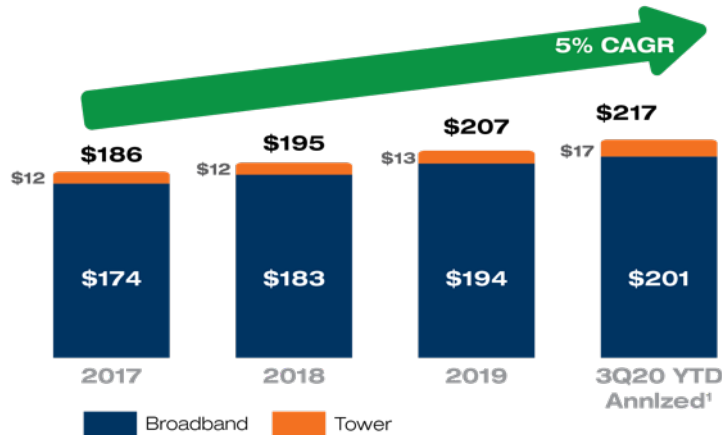
TENANTS



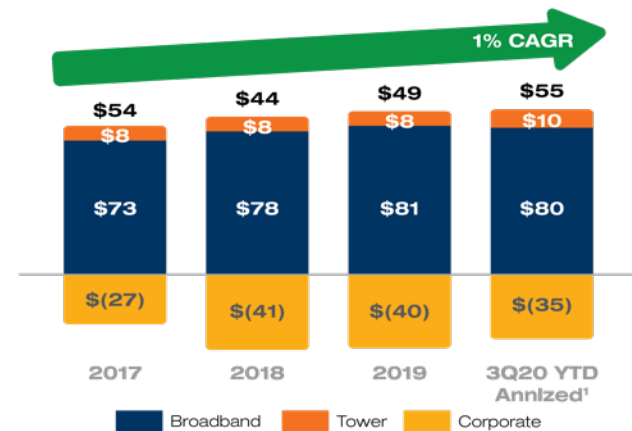
¹3Q20 YTD annualized.
See Appendix for reconciliation of Adjusted OIBDA to Operating Income.

IN MILLIONS

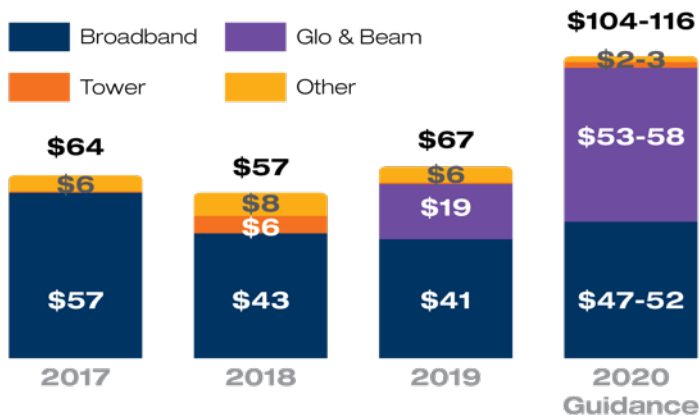
REVENUE



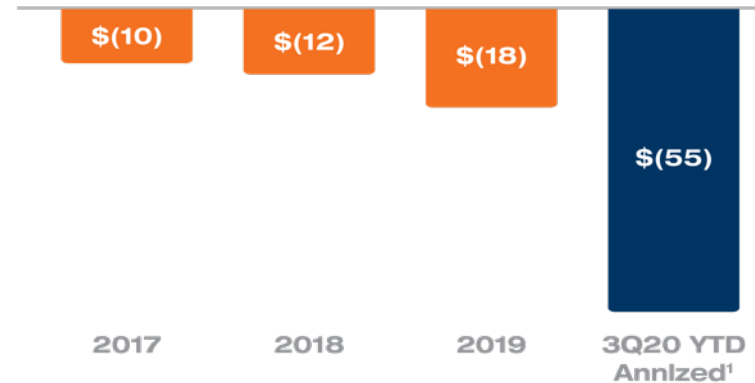
CONSOLIDATED ADJUSTED OIBDA



CAPEX SPENDING



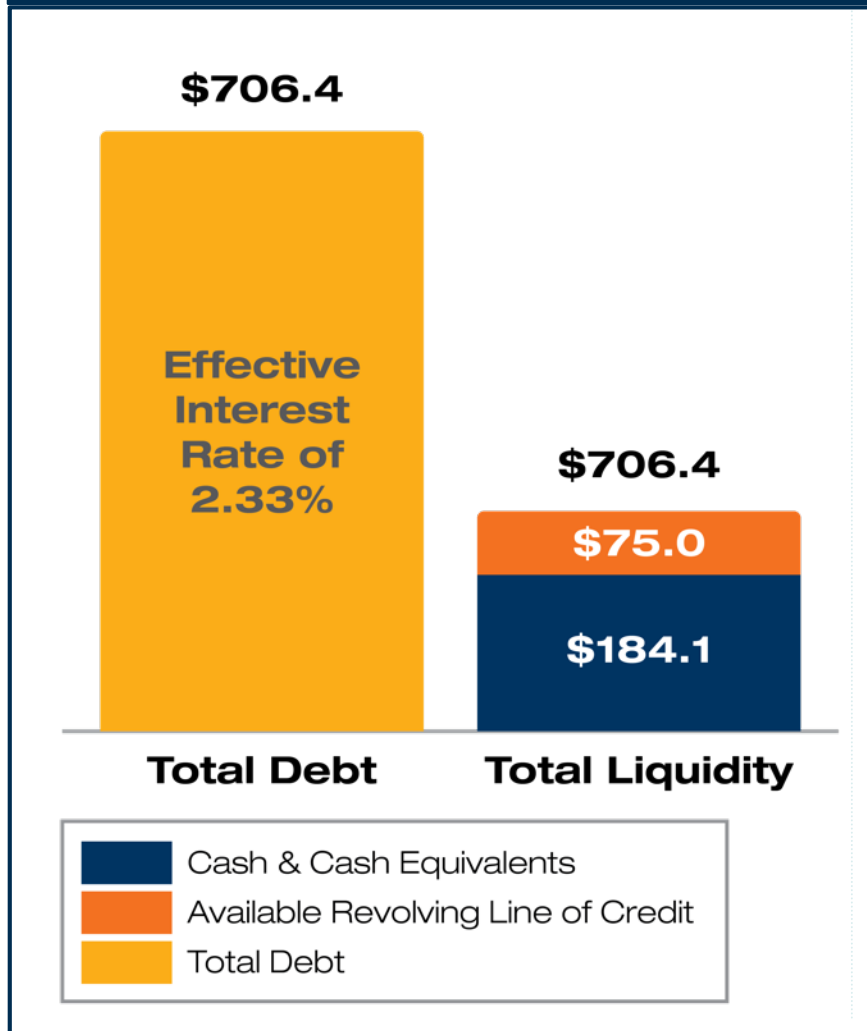
ADJUSTED OIBDA - CAPEX



¹3Q20 represents 3rd quarter 2020 YTD results annualized. See Appendix for reconciliation of Adjusted OIBDA to Operating Income.

- 4/1/2020
 - ▶ Sprint / T-Mobile merger closed
 - ▶ Network Technology, Brand, and Combination Conversion Notice received
- 8/26/2020
 - ▶ T-Mobile exercised their option to purchase the assets and operations of our PCS business for 90% of Entire Business Value
- 11/3/2020
 - ▶ Agreed in principle to resolve the appraisal framework dispute
- 1/20/2021
 - ▶ Estimated date for appraisers to determine the Entire Business Value (EBV)
- 2Q 2021
 - ▶ Expected transaction closing subject to regulatory approvals

TOTAL DEBT & LIQUIDITY (IN MILLIONS) AS OF 9/30/20



POTENTIAL USE OF WIRELESS PROCEEDS

- Repay debt
- Pay income taxes
- Return value to shareholders
 - Special dividend
 - Share re-purchase program
- Fund acquisitions



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

<i>(in thousands)</i>	Broadband	Tower	Corporate & Eliminations	Consolidated
Operating income	\$ 37,628	\$ 6,168	\$ (34,459)	\$ 9,337
Depreciation and amortization	33,995	1,837	6,813	42,645
OIBDA	71,623	8,005	(27,646)	51,982
Share-based compensation expense	1,300		701	2,001
Acquisition, Integration, & Migration Expenses			237	237
Adjusted OIBDA	\$ 72,923	\$ 8,005	\$ (26,708)	\$ 54,220
Total revenue	\$ 173,981	\$ 12,029		\$ 186,010
Adjusted OIBDA margin	41.9%	66.5%	N/A	29.1%

We previously allocated certain corporate management overhead costs to our reportable segments, which may no longer be allocated to the Wireless discontinued operations under the relevant authoritative guidance. Accordingly, the results of all reportable segments were recast to reflect the reattribution of corporate overhead costs in all presented periods.

Twelve Months Ended December 31, 2018

<i>(in thousands)</i>	Broadband	Tower	Corporate & Eliminations	Consolidated
Operating income	\$ 41,512	\$ 5,400	\$ (51,569)	\$ (4,657)
Depreciation	35,816	2,406	5,992	44,214
Amortization	176			176
OIBDA	77,504	7,806	(45,577)	39,733
Share-based compensation expense	—	—	4,745	4,745
Adjusted OIBDA	<u>\$ 77,504</u>	<u>\$ 7,806</u>	<u>\$ (40,832)</u>	<u>\$ 44,478</u>
Total revenue	\$ 183,120	\$ 12,196	—	\$ 195,316
Adjusted OIBDA margin	42.3%	64.0%	N/A	22.8%

We previously allocated certain corporate management overhead costs to our reportable segments, which may no longer be allocated to the Wireless discontinued operations under the relevant authoritative guidance. Accordingly, the results of all reportable segments were recast to reflect the reattribution of corporate overhead costs in all presented periods.

Twelve Months Ended December 31, 2019

<i>(in thousands)</i>	Broadband	Tower	Corporate & Eliminations	Consolidated
Operating income	\$ 42,598	\$ 6,295	\$ (49,590)	\$ (697)
Depreciation	38,094	1,976	6,243	46,313
Amortization	472			472
OIBDA	81,164	8,271	(43,347)	46,088
Share-based compensation expense	—	—	3,367	3,367
Adjusted OIBDA	\$ 81,164	8,271	(39,980)	49,455
Total revenue	\$ 193,943	\$ 12,985	(30)	\$ 206,898
Adjusted OIBDA margin	41.8%	63.7%	N/A	23.9%

We previously allocated certain corporate management overhead costs to our reportable segments, which may no longer be allocated to the Wireless discontinued operations under the relevant authoritative guidance. Accordingly, the results of all reportable segments were recast to reflect the reattribution of corporate overhead costs in all presented periods.

Nine Months Ended September 30, 2020

(in thousands)

	Broadband	Tower	Corporate & Eliminations	Consolidated
Operating income	\$ 29,650	\$ 6,444	\$ (38,855)	\$ (2,761)
Depreciation	29,960	1,414	4,148	35,522
Amortization	488	—	—	488
OIBDA	60,098	7,858	(34,707)	33,249
Share-based compensation expense	—	—	5,306	5,306
Deal advisory fees	—	—	3,002	3,002
Adjusted OIBDA	60,098	7,858	(26,399)	41,557
	X12 / 9			
Annualized Adjusted OIBDA	\$ 80,131	\$ 10,477	\$ (35,199)	\$ 55,409
Annualized 3Q20 YTD revenue	\$ 200,840	\$ 16,653	\$ (636)	\$ 216,857
Adjusted OIBDA margin	39.9%	62.9%	N/A	25.6%

We previously allocated certain corporate management overhead costs to our reportable segments, which may no longer be allocated to the Wireless discontinued operations under the relevant authoritative guidance. Accordingly, the results of all reportable segments were recast to reflect the reattribution of corporate overhead costs in all presented periods.

(\$ in thousands)	<u>2017</u>	<u>2018</u>	<u>2019</u>	Annualized 3Q20 YTD
Adjusted OIBDA	\$54,220	\$44,478	\$49,455	\$55,409
Less: Capital Expenditures*	<u>(64,000)</u>	<u>(56,600)</u>	<u>(48,210)</u>	<u>(55,000)</u>
Adjusted OIBDA less incumbent CapEx	<u>(9,780)</u>	<u>(12,122)</u>	<u>1,245</u>	<u>(409)</u>
Glo Fiber & Beam Capital Expenditures	<u>-</u>	<u>-</u>	<u>(18,838)</u>	<u>(55,000)</u>
Adjusted OIBDA less CapEx	<u>(\$9,780)</u>	<u>(\$12,122)</u>	<u>(\$17,593)</u>	<u>(\$54,591)</u>

*Excludes capital expenditures for Glo Fiber and Beam.

2020 presents 3rd quarter YTD annualized for AOIBDA purposes. CapEx represents previously-published guidance for 2020.

Adjusted OIBDA less CapEx 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. Adjusted OIBDA less CapEx is calculated by subtracting capital expenditures from Adjusted OIBDA.

We previously allocated certain corporate management overhead costs to our reportable segments, which may no longer be allocated to the Wireless discontinued operations under the relevant authoritative guidance. Accordingly, the results of all reportable segments were recast to reflect the reattribution of corporate overhead costs in all presented periods.

Incumbent Cable	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>3Q20</u>
Data Residential & SMB Revenue (\$000's)	\$55,490	\$68,019	\$75,593	\$21,770
Average Revenue Generating Units	<u>63,492</u>	<u>71,643</u>	<u>79,993</u>	<u>93,440</u>
Average Revenue per User (ARPU)	<u>\$72.83</u>	<u>\$79.12</u>	<u>\$78.75</u>	<u>\$77.66</u>
Glo Fiber	<u>4Q19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>
Data Residential & SMB Revenue (\$000's)	\$12	\$65	\$201	\$491
Average Revenue Generating Units	<u>41</u>	<u>269</u>	<u>810</u>	<u>2,045</u>
Average Revenue per User (ARPU)	<u>\$97.56</u>	<u>\$80.55</u>	<u>\$82.72</u>	<u>\$80.03</u>