

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): **November 6, 2018**



SHENTEL®

Shenandoah Telecommunications Company

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

0-9881
(Commission File Number)

54-1162807
(IRS Employer Identification No.)

500 Shentel Way
P.O. Box 459
Edinburg, VA 22824
(Address of principal executive offices) (Zip Code)

(540) 984-4141
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure

On November 6, 2018, Shenandoah Telecommunications Company (the “Company”) issued a press release announcing its financial position as of September 30, 2018, results of operations for the three and nine months ended September 30, 2018, and other related information. The Company also posted supplemental earnings presentation materials on the investor section of the Company’s website at www.Shentel.com. A copy of the supplemental earnings presentation is furnished as Exhibit 99.1 and is incorporated herein by reference.

These materials may contain forward-looking statements about Shenandoah Telecommunications Company 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 or similar words, or by discussions of strategy or risks and uncertainties. Shenandoah Telecommunications Company undertakes no obligation to revise or update such statements to reflect current events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is furnished with this Current Report on Form 8-K.

[99.1* Shenandoah Telecommunications Company Q3 2018 Earnings Conference Call supplement](#)

* Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHENANDOAH TELECOMMUNICATIONS COMPANY

Dated: November 6, 2018

/s/ James F. Woodward

James F. Woodward

Senior Vice President - Finance and Chief Financial Officer



Q3 2018
Earnings Conference Call
November 6, 2018

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, 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 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.

Use of Non-GAAP Financial Measures

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.



Chris French

President and CEO

Third Quarter 2018 Highlights

- **Revenue**

- \$158.7 million in Q3'18 compared with \$151.8 million in Q3'17.
- Q3'18 includes a \$4.5 million negative impact related to Topic 606.

- **Operating Income**

- \$28.3 million in Q3'18 compared with \$9.5 million in Q3'17.

- **Net Income**

- \$15.5 million in Q3'18 compared with \$3.5 million in Q3'17.

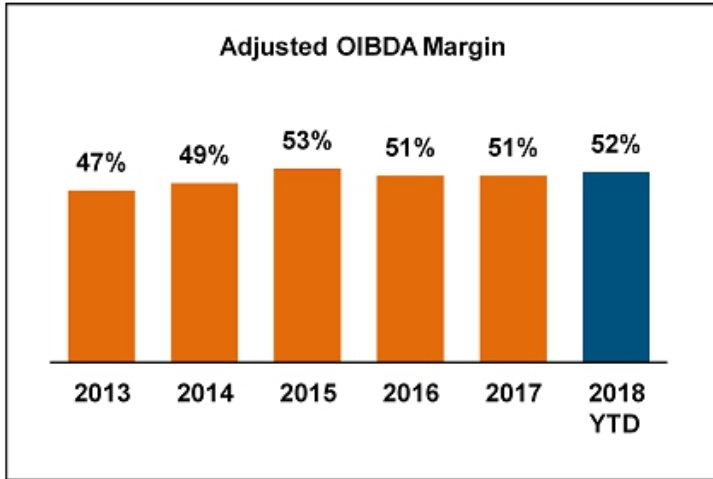
- **Adjusted OIBDA**

- \$74.1 million, representing a 46.7% Adjusted OIBDA margin, in Q3'18 compared with \$66.9 million and 44.1% in Q3'17.

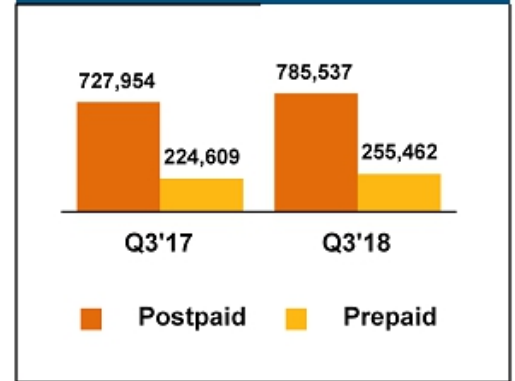
Wireless Highlights

Continued Growth

- 785,537 Postpaid customers Q3'18, up 7.9% over Q3'17
- 255,462 Prepaid customers Q3'18, up 13.7% over Q3'17
- \$116.1 million of Wireless service revenue in Q3 '18 compared to \$112.5 million in Q3 '17.
- Adjusted OIBDA \$62.6 million, up 15.5% over Q3'17



Wireless PCS Customers



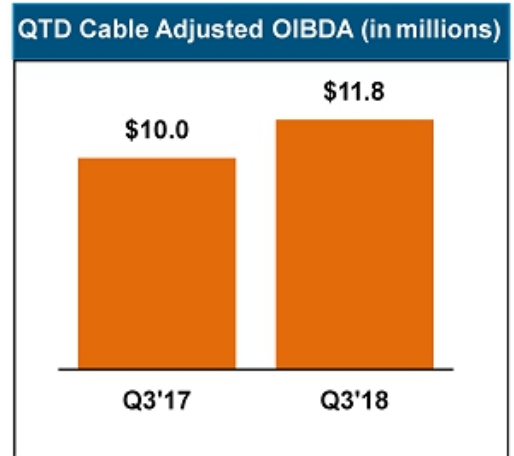
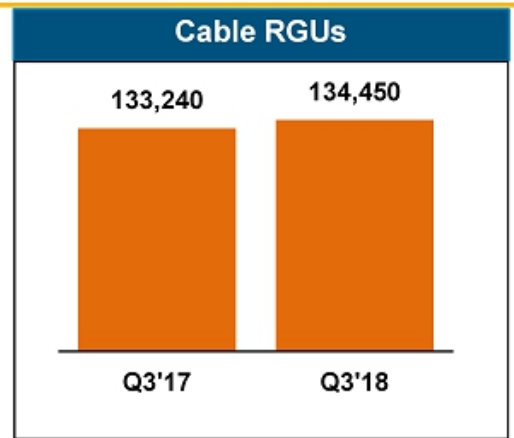
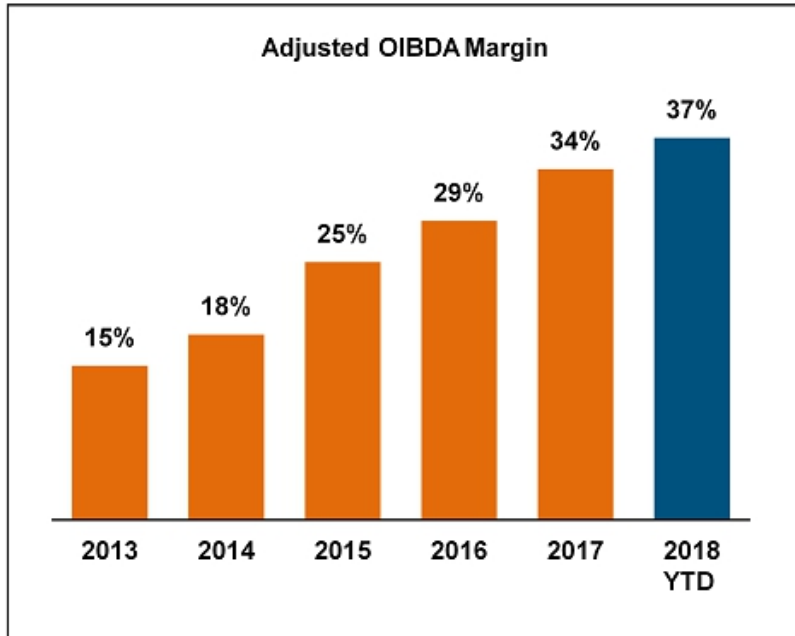
QTD Wireless Adjusted OIBDA (in millions)



Cable Highlights

- Continued Growth

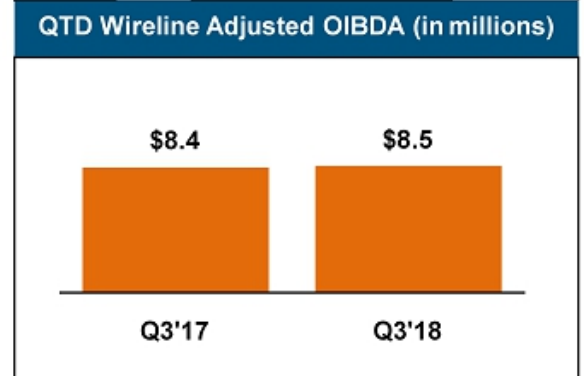
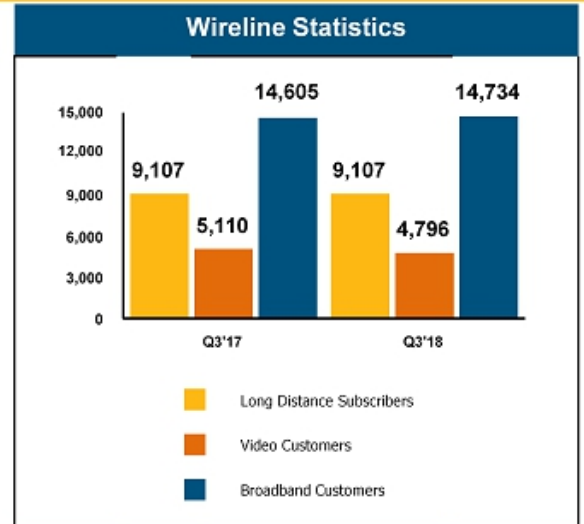
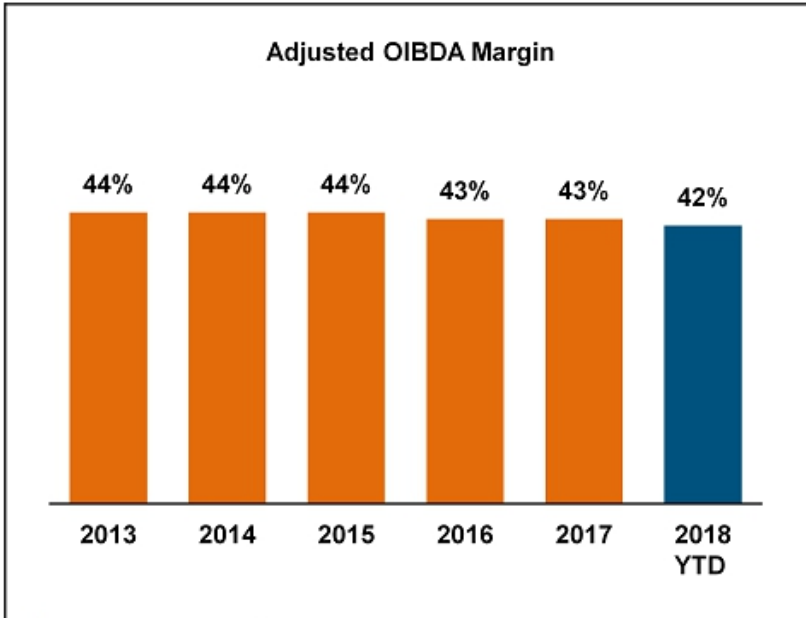
- Operating revenue \$32.2 million, up 7.0% over Q3'17
- Adjusted OIBDA \$11.8 million, up 18.0% over Q3'17



Wireline Highlights

Continued Profitability

- Operating revenue \$19.6 million, down 1.2% from Q3'17
- Adjusted OIBDA \$8.5 million, up 0.8% from Q3'17
- 14,734 Broadband Customers at Q3'18, up 0.9% over Q3'17





Jim Woodward

SVP of Finance and CFO

Consolidated Quarterly Results

Consolidated Results (\$ in thousands, except per share amounts)

	Three Months Ended:			
	9/30/18	9/30/17	Change (\$)	Change (%)
Operating revenue	\$ 158,731	\$ 151,782	\$ 6,949	4.6 %
Operating expenses	\$ 130,402	\$ 142,307	\$ (11,905)	(8.4)%
Operating income (loss)	\$ 28,329	\$ 9,475	\$ 18,854	199.0 %
Net income (loss)	\$ 15,534	\$ 3,534	\$ 12,000	339.6 %
Net income (loss) per share				
Basic	\$ 0.31	\$ 0.07	\$ 0.24	342.9 %
Diluted	\$ 0.31	\$ 0.07	\$ 0.24	342.9 %

Adjusted OIBDA by Segment - Quarterly Results

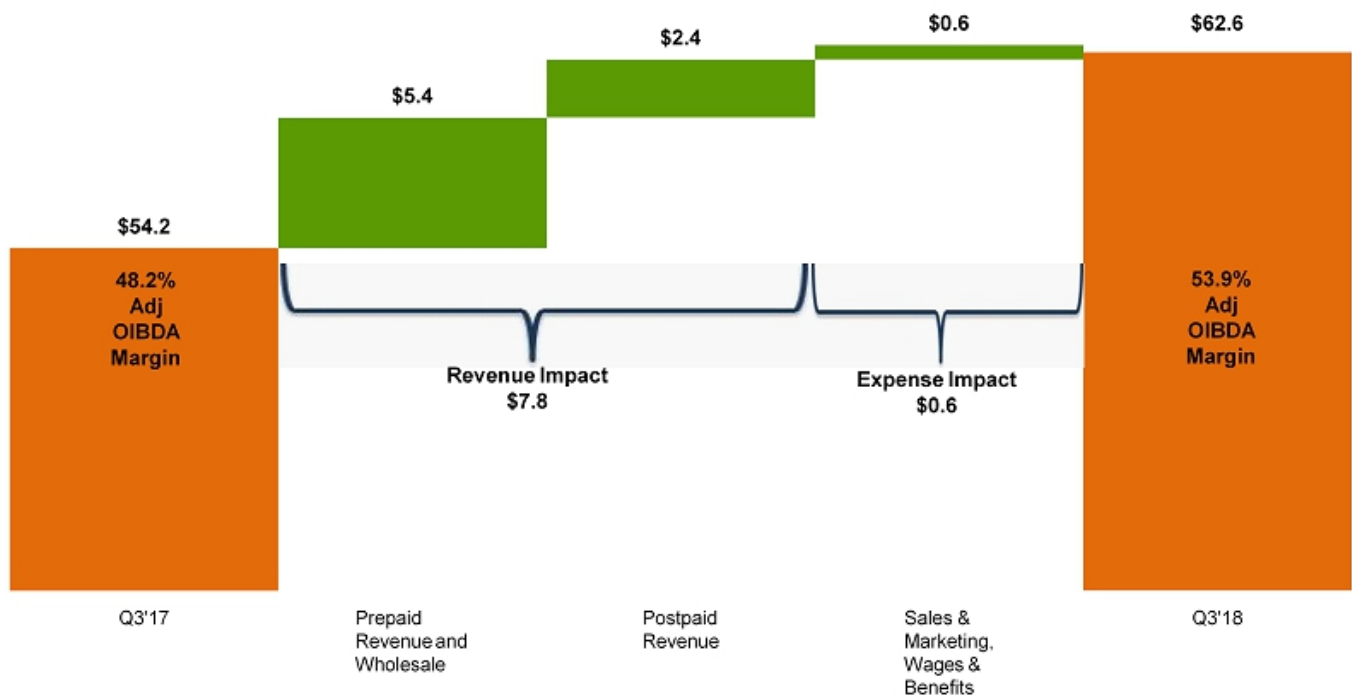
Adjusted OIBDA by Segment

Three Months Ended September 30, 2018

(in thousands)

	Wireless	Cable	Wireline	Other	Consolidated
Operating income	\$ 27,352	\$ 5,834	\$ 5,122	\$ (9,979)	\$ 28,329
Impact of ASC topic 606	(4,868)	(172)	(77)	—	(5,117)
Depreciation and amortization	30,363	6,102	3,435	128	40,028
Share-based compensation expense	—	—	—	1,171	1,171
Benefit received from the waived	9,558	—	—	—	9,558
Amortization of intangibles netted in rent	197	—	—	—	197
Actuarial (gains) losses on pension plans	—	—	—	(82)	(82)
Adjusted OIBDA	62,602	11,764	8,480	(8,762)	74,084
Waived management fee	(9,558)	—	—	—	(9,558)
Continuing OIBDA	\$ 53,044	\$ 11,764	\$ 8,480	\$ (8,762)	\$ 64,526
Adjusted OIBDA Margin	53.9%	36.6%	43.2%	N/A	46.7%
Q3'17 Adjusted OIBDA	54,186	9,971	8,411	(5,664)	66,904
Q3'17 Continuing OIBDA	45,225	9,971	8,411	(5,664)	57,943
% increase (decrease) in Adjusted OIBDA	15.5%	18.0%	0.8%	-	10.7%
% increase (decrease) in Continuing OIBDA	17.3%	-	-	-	11.4%

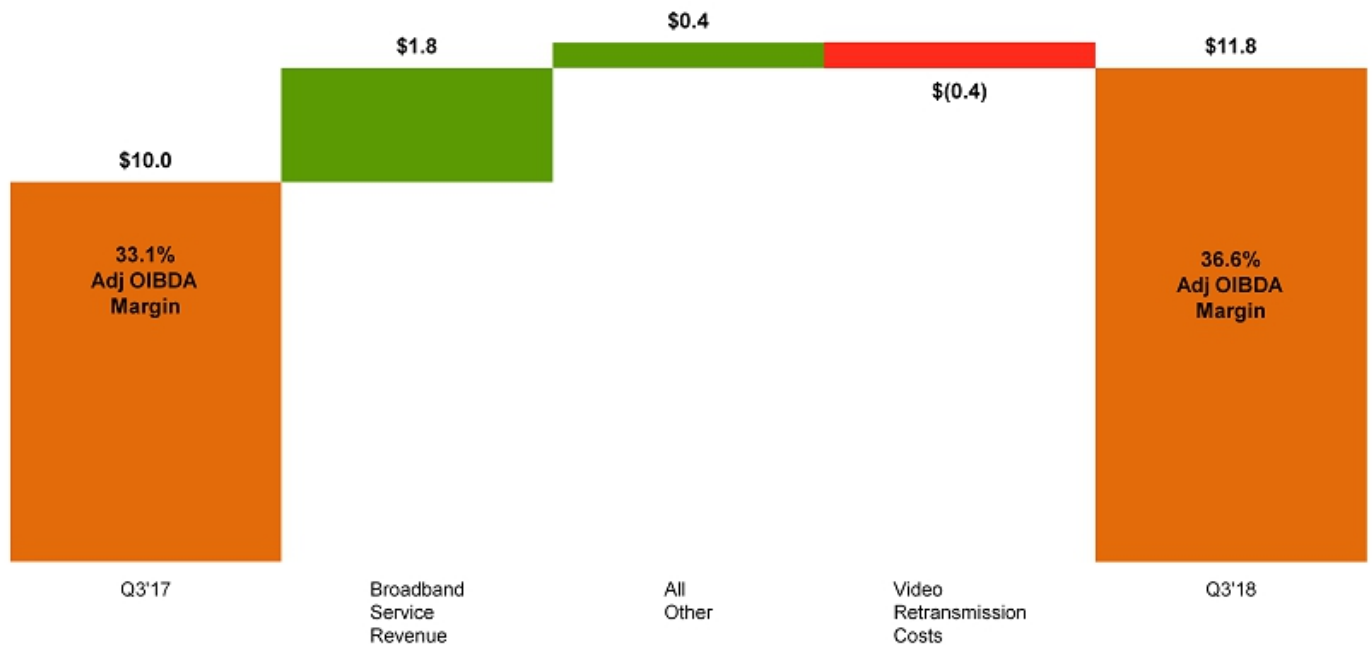
Wireless Segment – Change in Adjusted OIBDA Q3'18 vs. Q3'17 (millions)



- Adjusted OIBDA growth of 15.5% to \$62.6 million for the quarter ended September 30, 2018.



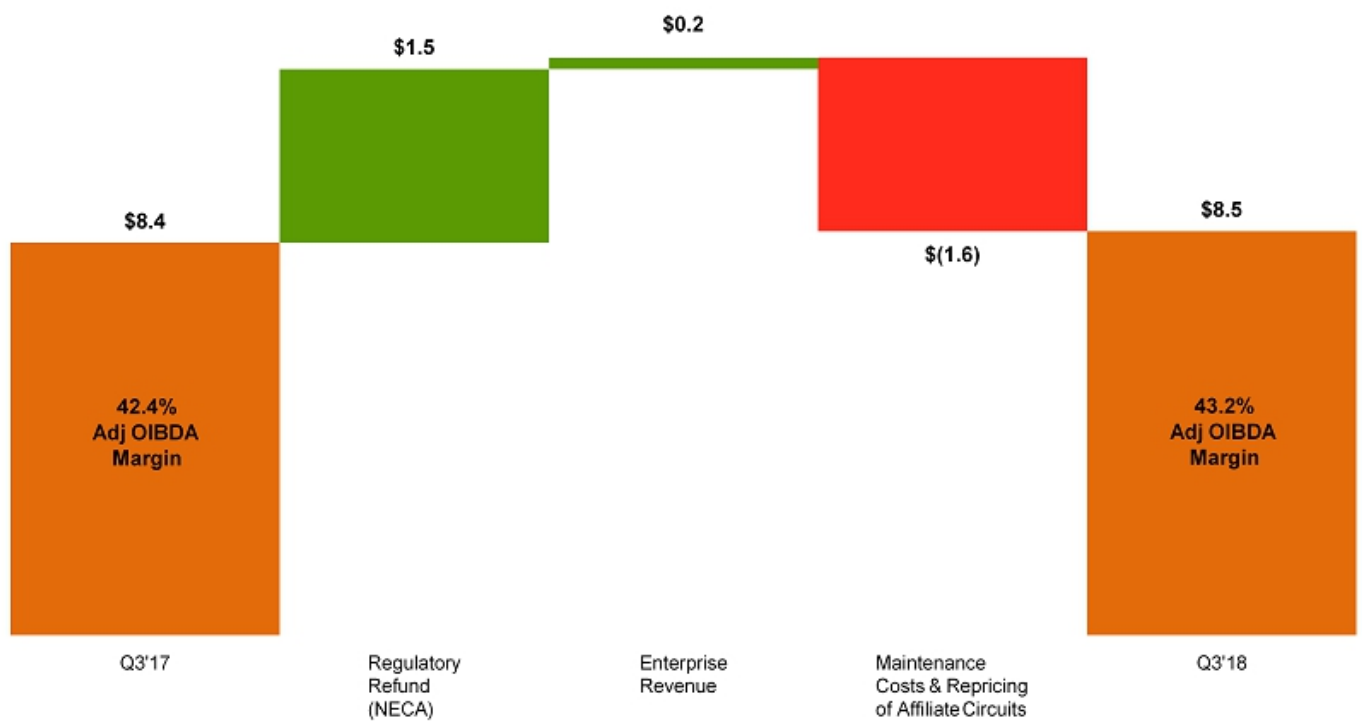
Cable Segment – Change in Adjusted OIBDA Q3'18 vs. Q3'17 (millions)



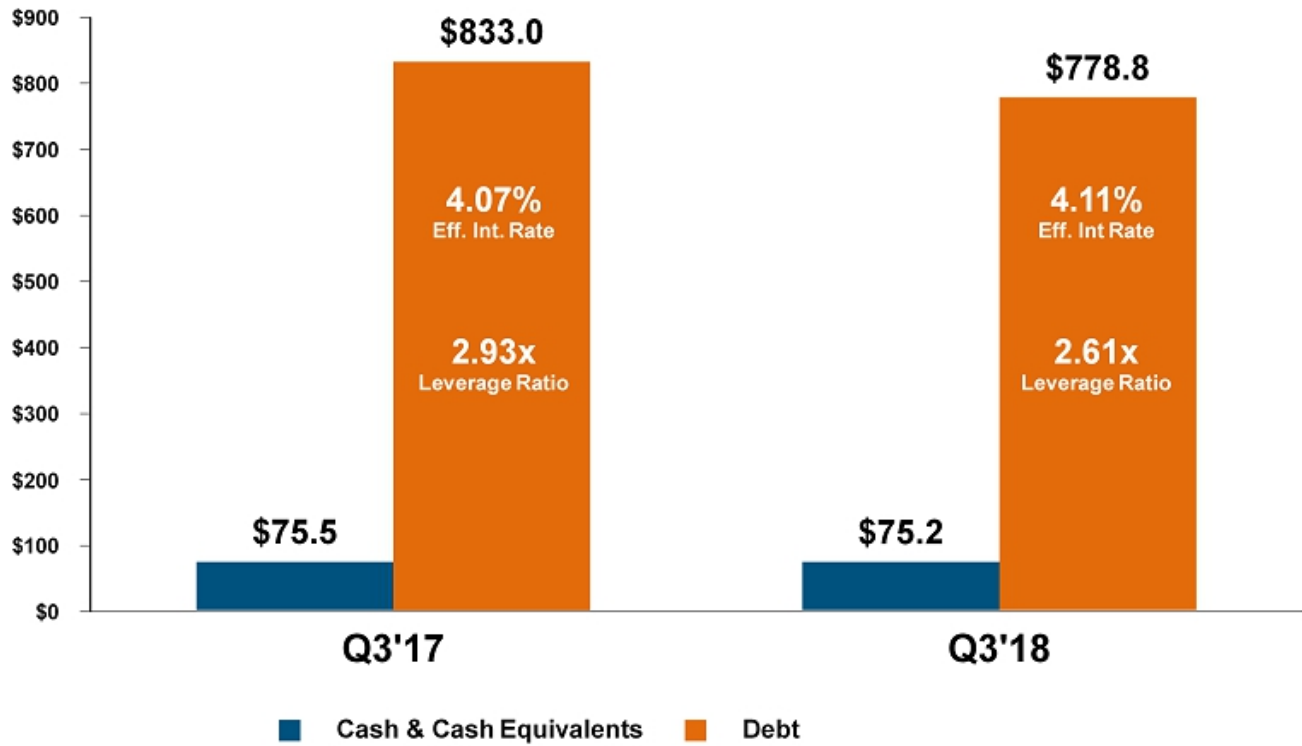
- Adjusted OIBDA growth of 18.0% to \$11.8 million for the quarter ended September 30, 2018.



Wireline Segment – Change in Adjusted OIBDA Q3'18 vs. Q3'17 (millions)



Capitalization - Q3'18 vs. Q3'17 (millions)

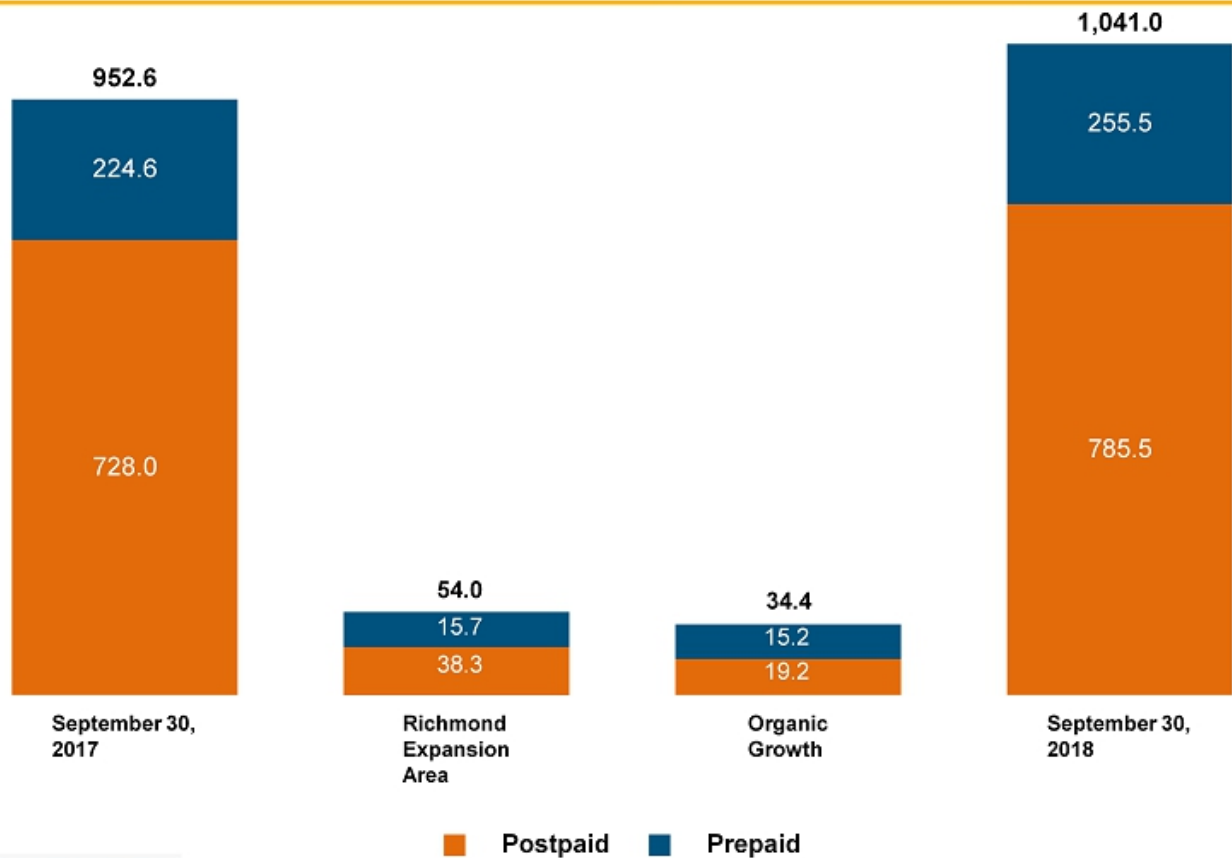




Dave Heimbach

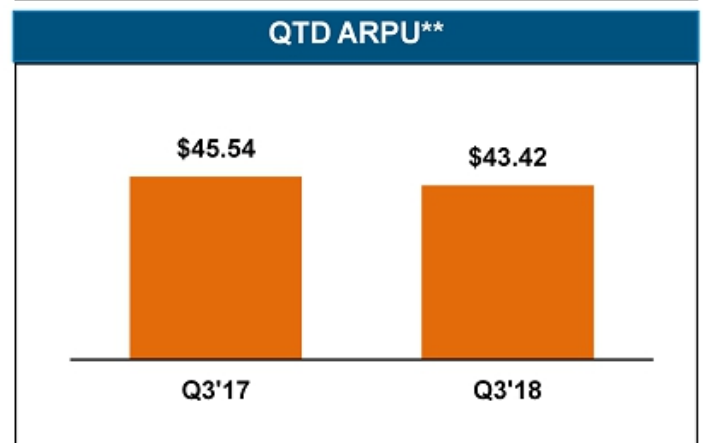
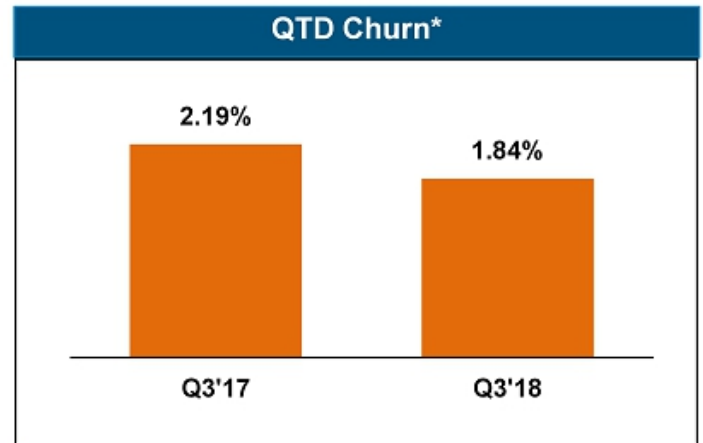
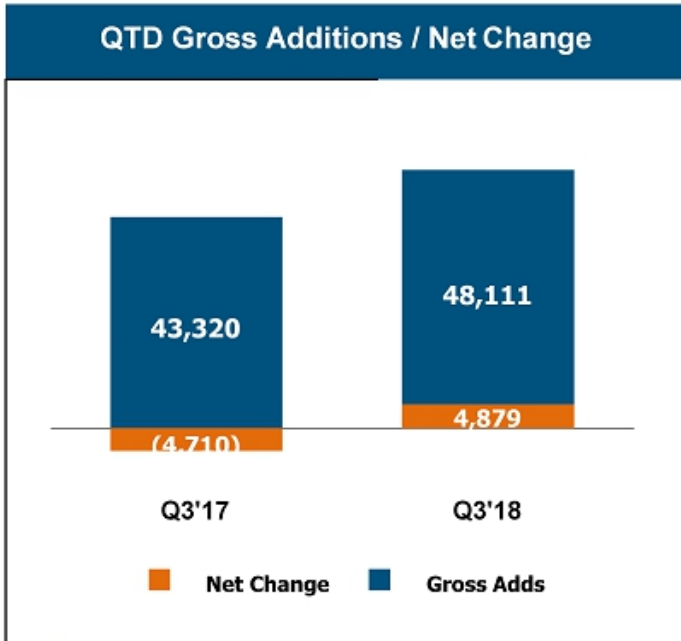
EVP and COO

Wireless Subscriber Changes - Q3'18 Year Over Year (in thousands)



Wireless - Postpaid Metrics

- Net additions grew 203.6% from net losses in Q3'17 impacted by the migration of former nTelos subscribers to Sprint.
- Churn improved 35 basis points over Q3'17.
- ARPU was impacted by promotional and discount activity.

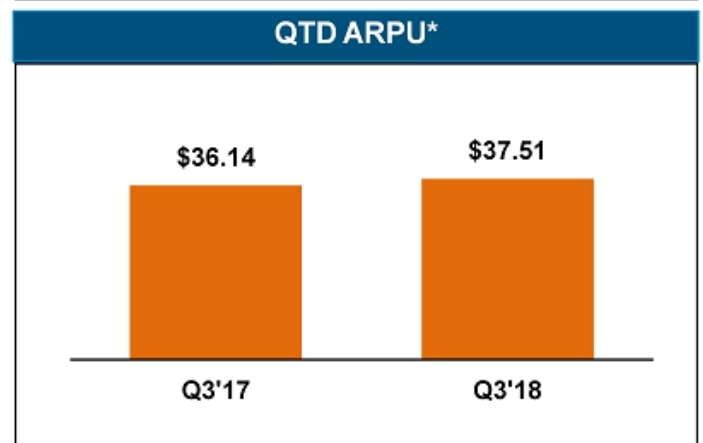
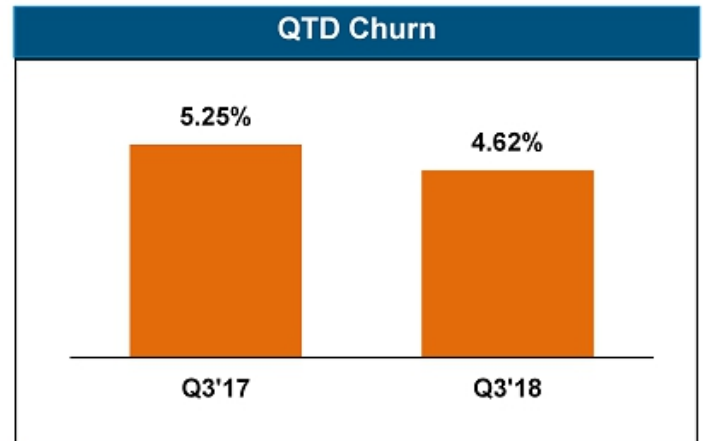
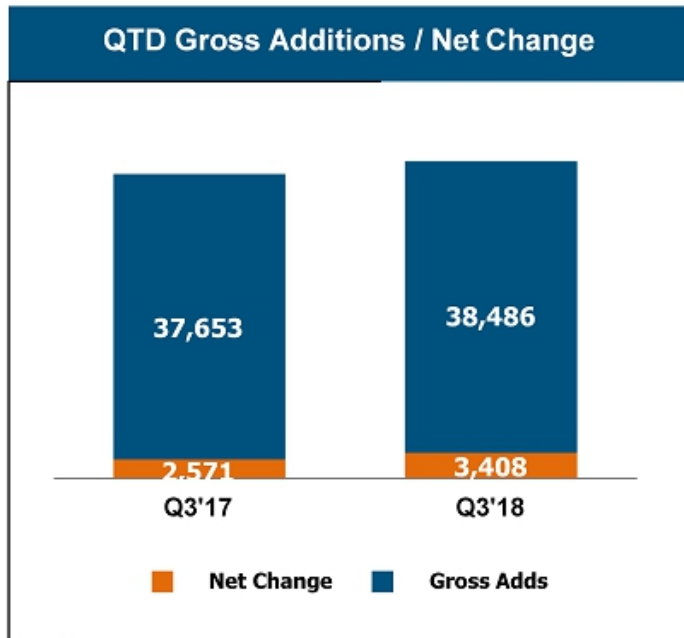


*For Q3 '17, excluding losses associated with the migration of former nTelos customers to Sprint total Company churn was 1.85%.

** Refer to the Appendix for a reconciliation of Wireless segment operating revenues to Postpaid ARPU.

Wireless - Prepaid Metrics

- Net additions up 32.6% over Q3'17.
- Churn improved 63 basis points over Q3'17.
- Continued growth for ARPU.



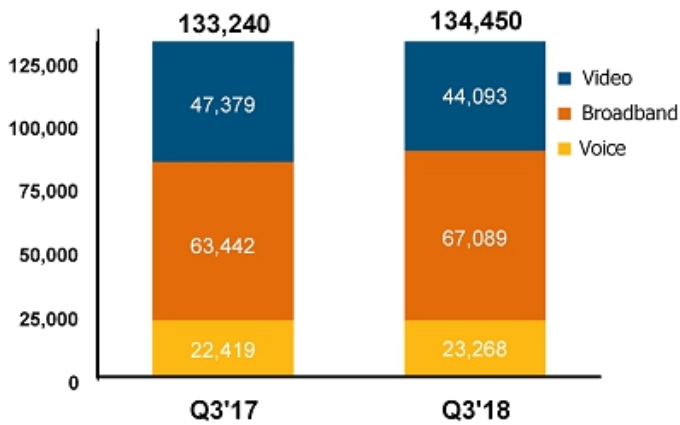
* Refer to the Appendix for a reconciliation of Wireless segment operating revenues to Prepaid ARPU.

Cable - RGUs and Average Revenue

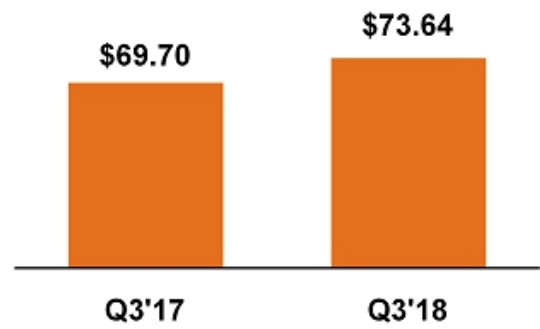
Continued Growth

- Growth in average monthly revenue per RGU primarily due to broadband.
- 3,300+ customers upgraded their speeds in Q3 '18.
- Broadband penetration increased from 34.3% to 36.2%.

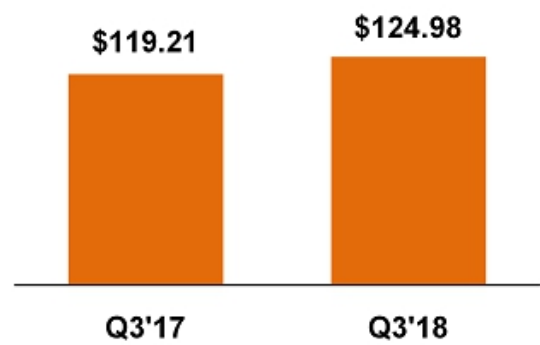
Revenue Generating Units (RGU)



Average Monthly Revenue per RGU *



Average Monthly Revenue per Customer *



* Refer to the Appendix for a reconciliation of Cable segment operating revenue to average revenue per RGUs and per customer relationship.

Cable - Map

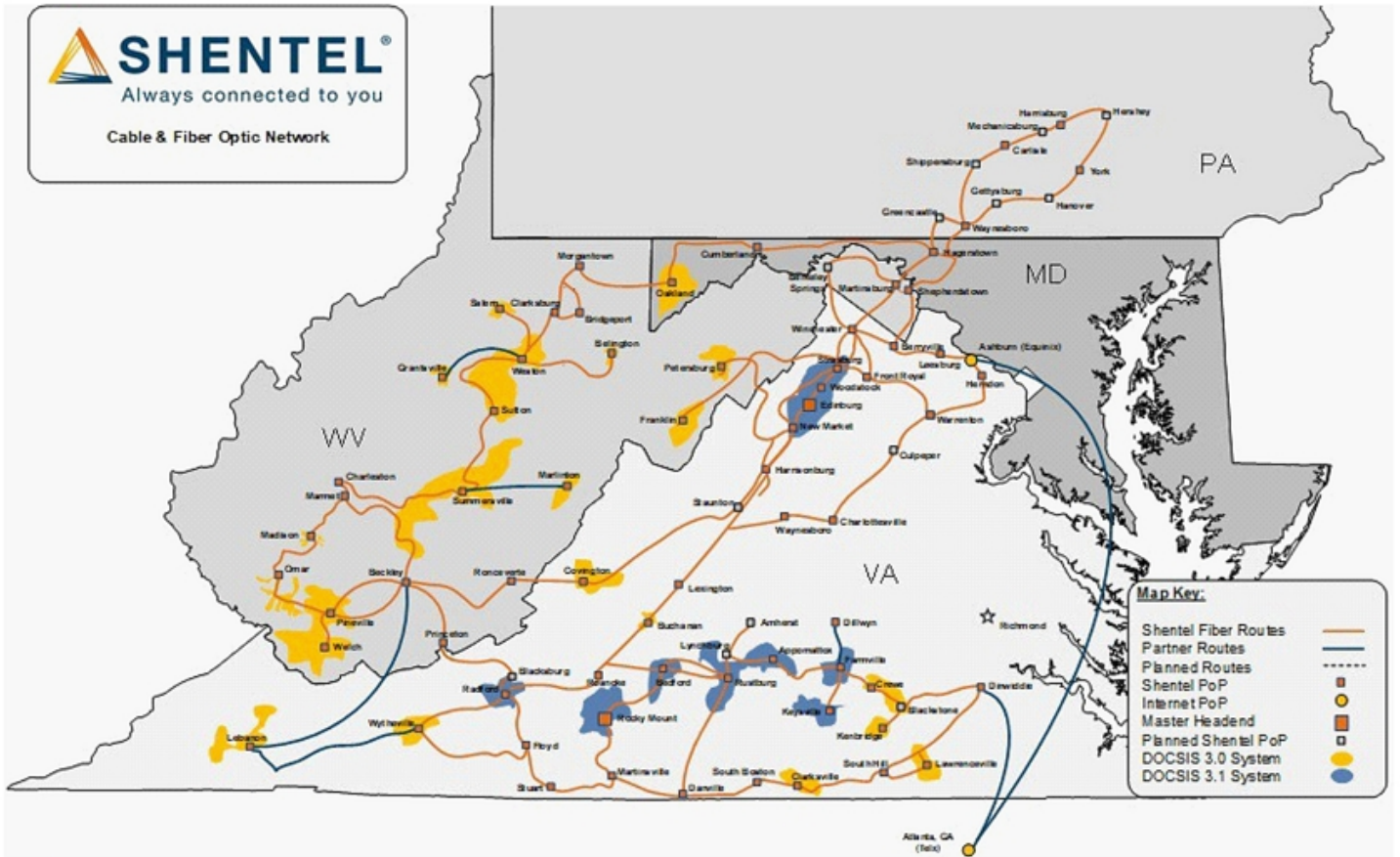
53% of homes passed are capable of DOCSIS 3.1



SHENTEL®

Always connected to you

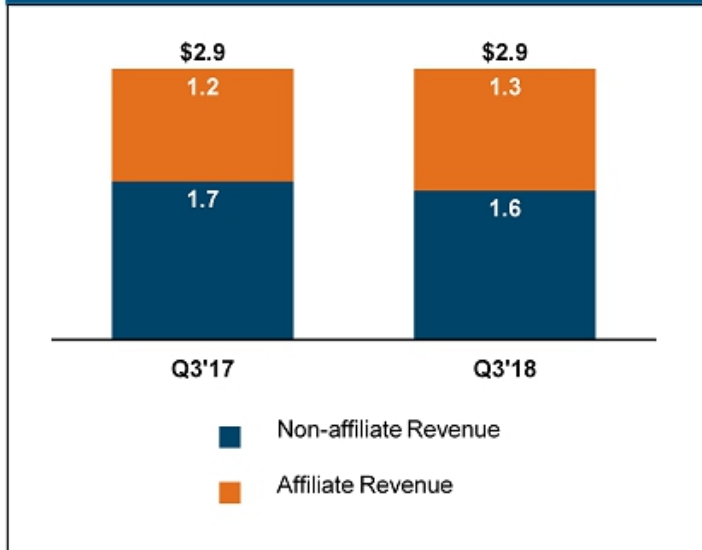
Cable & Fiber Optic Network



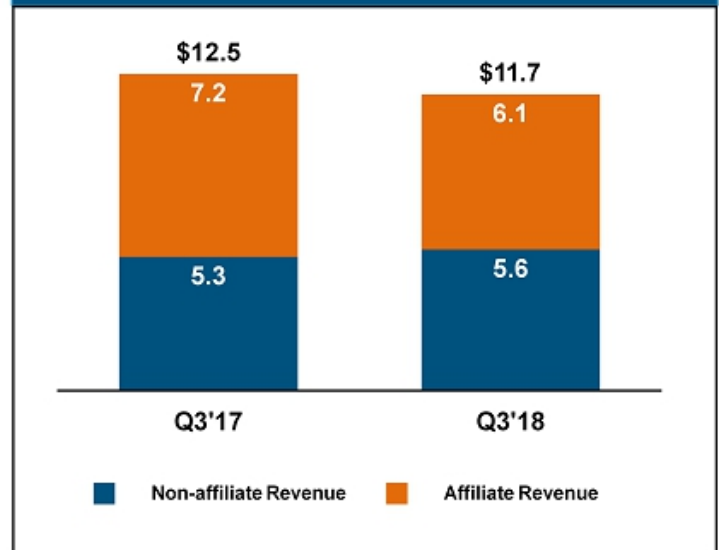
Fiber and Tower Highlights

- Cable and Wireline non-affiliate fiber lease revenue is up 5.7% from Q3'17
- 193 towers generated \$2.9 million of Tower revenue in Q3'18, consistent with Q3'17.

QTD Mobile Tower Revenue (in millions)



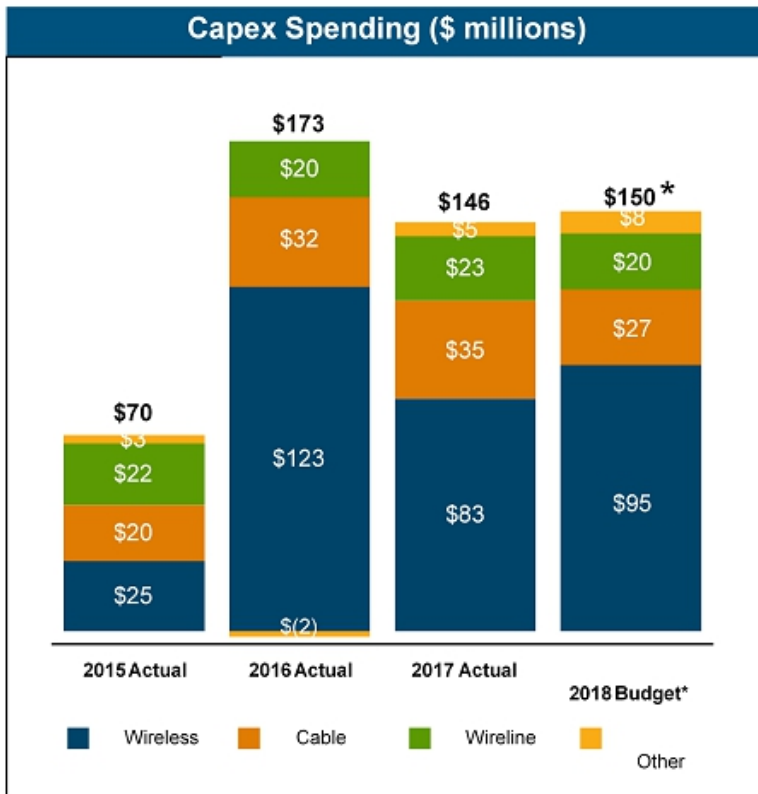
QTD Fiber Lease Revenue



QTD Mobile Tower OIBDA (in millions)

	Q3'17	Q3'18
Operating income	\$ 1.4	\$ 1.2
Deprec. and Amort.	0.5	0.5
Adjusted OIBDA	\$ 1.9	\$ 1.7

Capital Expenditures - Investing in the Future



- 2018 Capex Budget Estimates
 - * 52% Upgrades and Expansion of Acquired Territories
 - * 14% Network Maintenance
 - * 13% Success-Based
 - * 12% Network Capacity
 - * 9% Network Expansion
- Actual Capex of \$92.3 million for the nine months ended September 30, 2018.
- We expect Capex to be between \$145 million and \$155 million for 2018.

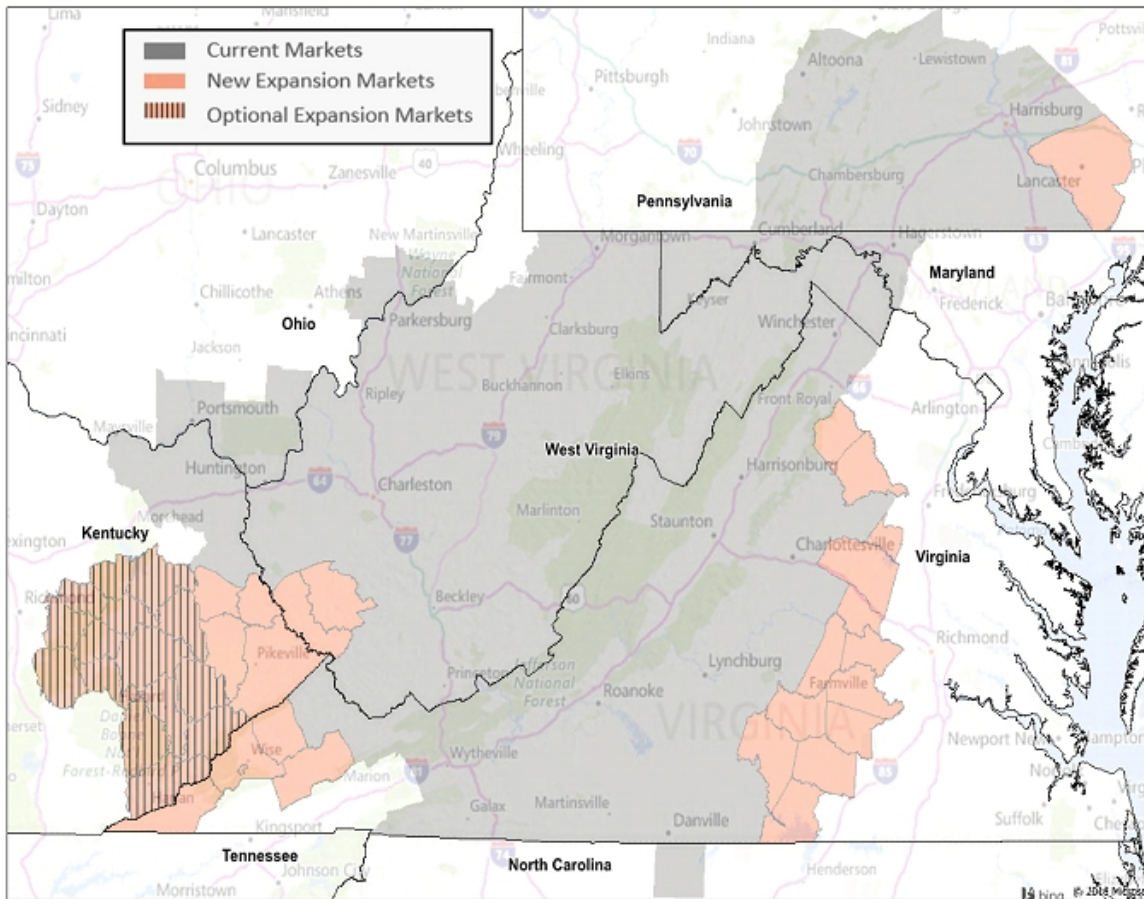
* Represents the midpoint of the expected range.

Q&A

Appendix

Wireless Network Expansion

Effective February 1, 2018



New Expansion Markets

- 1.1 million Market POPs
- 0.6 million Covered POPs
- 0.2 million optional expansion POPs
- 54 thousand total subscribers
- 105 CDMA base stations (sites)



Average Monthly Billed Revenue per Subscriber - Postpaid and Prepaid

(\$ in thousands, except subscribers and revenue per subscriber amounts)

	Q3'18	Q3'17
Postpaid billings	\$ 96,813	\$ 94,013
Adjustment for write-offs	5,273	5,407
Postpaid billings excluding write-offs	<u>\$ 102,086</u>	<u>\$ 99,420</u>
Average postpaid subscribers*	783,734	727,764
Average monthly billed revenue per postpaid subscriber**	<u>\$ 43.42</u>	<u>\$ 45.54</u>
Prepaid billings	\$ 28,460	\$ 24,155
Average prepaid subscribers*	252,927	222,766
Average monthly billed revenue per prepaid subscriber**	<u>\$ 37.51</u>	<u>\$ 36.14</u>

* Represents a quarterly average

** Average monthly billed revenue per subscriber = (billed revenue excluding write-offs*1,000) / average subscribers / 3 months

Wireless - Network Statistics at September 30, 2018

Wireless Network Statistics

Cell sites

Sites with 2nd LTE carrier	1,153
Sites with three carriers, including a 2nd carrier @ 1900 MHz	526
Sites with 2.5 GHz LTE	414
Sites with LTE	1,788
% of sites with LTE capabilities	98.9%

Traffic

% LTE traffic	98.54%
Data usage increase (Q over Q)	3.38%
Avg LTE speeds (Mbps)	8.2
Avg data usage per subscriber (GB)	10.7
Dropped call rate	0.41%
Blocked call rate	0.15%

Cable - Non-GAAP Financial Measure

Average Revenue

(\$ in thousands, except subscriber and per subscriber amounts)

	Q3'18	Q3'17
Service revenue	\$ 26,955	\$ 25,246
Fiber, FUSC, pass-through, and other	2,113	2,074
Internal revenue	451	430
Video, broadband and voice revenue	29,519	27,750
Other miscellaneous revenue	2,663	2,339
Total operating revenue	\$ 32,182	\$ 30,089

Average Subscribers*

Revenue generating units (RGUs)	133,617	132,704
Average customer relationships	78,732	77,596

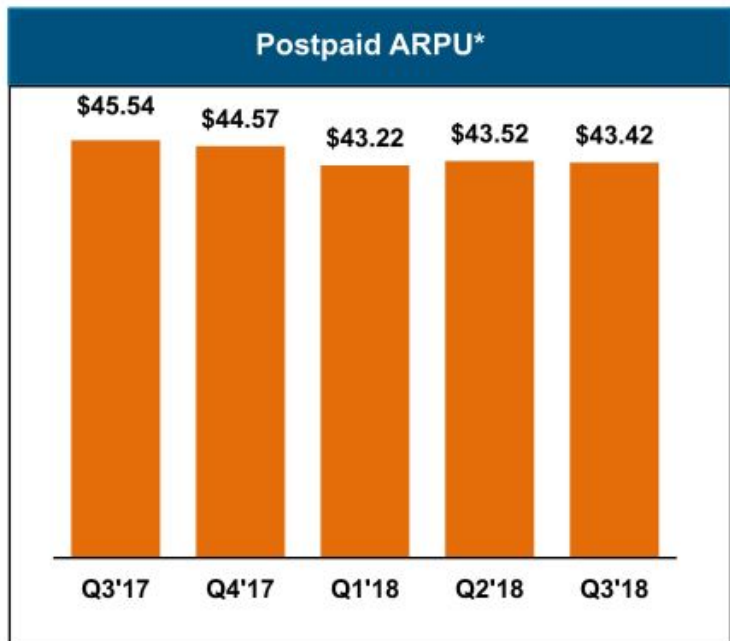
Average Revenue Per User (ARPU)**

Revenue generating units (RGUs)	\$ 73.64	\$ 69.70
Customer relationships	\$ 124.98	\$ 119.21

* Represents a quarterly average

**ARPU calculation = (video, broadband & voice revenue * 1,000) / average subscribers / 3 months

Wireless - ARPU Trend



*ARPU represents Average Revenue Per Unit. See Appendix for reconciliation of Wireless segment operating revenue to Postpaid ARPU.

Cable - Metrics

	As of September 30,	
	2018	2017
Homes passed	185,119	184,881
Total revenue generating units	134,450	133,240
Customer relationships	79,426	77,953
RGUs per customer relationship	1.69	1.71
Video		
Revenue generating units	44,093	47,379
Penetration	23.8%	25.6%
Digital video penetration	77.8%	76.0%
Broadband		
Available homes	185,119	184,881
Revenue generating units	67,089	63,442
Penetration	36.2%	34.3%
Voice		
Available homes	185,119	182,350
Revenue generating units	23,268	22,419
Penetration	12.6%	12.3%